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W. German cartel veto on BP's £210m Veba deal

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BY ADRIAN DICKS: BONN, Oct. 1

The West German Federal Cartel Office has turned down British Petroleum's ambitious bid to strengthen its position in West Germany through a DM 800m (about £210m) deal with Veba, involving the purchase of most of its Gelsenberg subsidiary.

In a decision released tonight in Berlin, the Cartel Office made clear that its objections centred on BP's acquisition of the Veba group, a 25 per cent holding in Ruhrstahl, West Germany's largest importer and distributor of natural gas.

Deutsche BP, whose chairman, Herr Hellmuth Rüdiger, put together the complex deal with Veba, made clear tonight that it intended to fight the Cartel Office's veto.

Respectively the 25 per cent stake in Ruhrstahl, the deal would give Deutsche BP about 1,000 additional petrol stations, about 5.3m tonnes a year in extra refining capacity, and a 31 per cent stake in a consortium building a liquid natural gas importing facility at Wilhelmshaven.

The Cartel Office made clear that it disliked two features of the Ruhrstahl deal which, taking account of BP's existing small holding, would give the group a blocking minority.

First, the Cartel Office opposes further concentration of interests by the international oil majors. In addition to Veba, which would retain a small stake in Ruhrstahl, BP, Shell, Exxon, Texaco and Mobil all have holdings in Ruhrstahl.

The office fears that by giving

CALLAGHAN SEEKS TO AVOID CONFRONTATION ON PAY

Labour bid to heal breach

BY RICHARD EVANS, LOBBY EDITOR

MR. JAMES CALLAGHAN was still on a collision course with major trade unions over pay last night, in spite of frantic attempts within the Labour Party's National Executive Committee to heal the growing breach before today's crucial Blackpool conference debate on economic and pay policy.

Mr. Callaghan is even reported to have told colleagues that he would be unable to carry on if he could not retain trade union support for his counter-inflation policies, and much will depend on how seriously union leaders and party activists take this threat.

The Prime Minister succeeded at a late meeting of the NEC in heading the party's ruling body away from a direct confrontation over the 5 per cent pay guidelines, but it could prove to be a hollow victory.

There remains every prospect of a huge defeat for the Government in the debate, because of the continuing hard-line attitude of the Transport and General Workers' Union and the Amalgamated Union of Engineering Workers, which together control the major bloc votes.

Such a defeat would be the most humiliating suffered by Mr. Callaghan since he became Prime Minister and party leader two and a half years ago and it would not augur well for Government-trade union relations during the winter and in the run-up to the next general election.

The lengthy and, at times, acrimonious bargaining over the resolution to be put to conference took place at a meeting of the NEC regarded as the most significant for several years.

On the outcome depended not only future relations between Government and unions, but the prospects for Labour's retention of power at the next election.

The argument raged principally over an uncompromising resolution from the Liverpool Waverley constituency party which rejected any form of wage restraint and instructed the NEC to organise a campaign against control of wages.

Continued on Back Page

London docks outline deal

BY IAN HARGREAVES

THE PORT OF LONDON Authority and leaders of dock workers' unions have reached outline agreement on reducing the number of jobs at the port's Upper Docks by 1,400 in the next year. This would reduce the labour force by over a quarter.

The agreement was reached late on Friday after several weeks of negotiation between a joint PLA-union committee.

Although it is regarded by both sides as a significant step forward, a number of hurdles remain before a fully-coordinated manning plan can be made. This plan must be with the Government by the end of this month to release a £3m grant designed to secure the future of the port.

Reaction

The first problem could be the reaction of rank-and-file dockers when the nine-man representative reports to a wider committee of dock workers' representatives, probably later this week.

The second is the fact that white-collar workers in the port, represented by the National and Local Government Officers' Association, have not so far joined the manning plan.

Though the number of white-collar workers involved in the job reduction would be relatively small, there is little chance of other unions agreeing to sacrifices which are not equally shared. There is already some resentment at the position of office staff, who stand to gain better severance terms for redundancy because of their position in the pension scheme.

Under the terms of the agreement reached so far, the 1,400 reduction would be achieved by voluntary redundancy, although it is not yet clear on what financial terms the redundancies would take place.

The Government was advised by a Price Waterhouse report on the port earlier this summer that it would be necessary to raise the existing payments available to buy men out.

Target

Price Waterhouse said that 2,900 jobs were surplus to needs at the port, even with retention of the Royal Group of docks, which the PLA has been forbidden to close by the Government.

The PLA's own job reduction target is 2,050, still regarded as a feasible one, between now and 1983. The Authority wants the Government to speed out the grant in tranches, payable only as specific manning targets are achieved.

New move to lower Swiss franc exchange rate

BY JOHN WICKS

SUBSTANTIAL intervention on the currency market and the possibility of Swiss franc devaluation have been discussed in the major newspapers in Geneva today, following the Swiss National Bank's announcement that it had lowered the franc's exchange rate.

Announcing the measures today, the Swiss National Bank said the primary aim was to offset a rapid and lasting weakening of the franc's value against the dollar.

National Bank purchases of dollars and other currencies are to be "considerably increased" if necessary, it added.

It also announced that it had raised the discount rate for banks to 5.5 per cent, from 5 per cent, and that it had increased the rate for foreign currency deposits to 5.5 per cent, from 5 per cent.

The monetary authorities said the measures were necessary to counteract the effects of the new measures in the currency market.

Fed tightening credit policy

BY STEWART FLEMING

NEW YORK, Oct. 1

THE Federal Reserve Board appears to be tightening credit conditions again in the U.S. in spite of growing political concern about the impact of such action.

On Friday afternoon, for the second consecutive day, the Central Bank allowed federal funds to rise to 8 per cent, and in each other to trade at 8 per cent before moving to 10 per cent.

Before these moves it had been assumed in the money market that the Fed would raise the average federal funds target of 8 per cent to 9 per cent, and that its target had shifted up a fraction to 8.5 per cent.

The move will be a welcome relief to the banking community, which has been complaining about the tightening of credit conditions in the money market.

Through much of last week the central bank had difficulty in controlling the Fed funds rate, which had risen to 10 per cent, the highest level since the central bank's monetary policy.

£150,000 more aid for Kirkby

BY MICHAEL CASSELL

THE GOVERNMENT has provided up to £150,000 in short-term aid to the troubled Kirkby, Merseyside, and Epsom, Surrey, car plants.

The announcement of more aid and an independent expert inquiry came last night, on the eve of the Labour Party conference at Blackpool. Ministers failed last week to agree a plan to help the car industry.

The Department of Industry announced last night, however, that it would provide a further £150,000 in aid to the car industry.

The Department of Industry said the aid would be for the car industry, and that it would be for the car industry.

Ford imports 'blockaded'

BY NICK GARNETT, LABOUR STAFF

A COMPLETE blockade of Ford car imports from Europe into Britain has now been set up, senior union shop stewards at the company claimed yesterday.

Union officials said dockers at Hull and Harwich, the two principal entry-points for Ford imports, were now refusing to handle the cars.

The blockade was set up in response to a demand from the Transport and General Workers' Union for a 5 per cent pay rise.

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OVERSEAS NEWS

More flood deaths in West Bengal

BY K. K. SHARMA

NEW DELHI, Oct. 1

AS THE death toll in floods in the state of West Bengal topped 150, a Government spokesman said in Calcutta today that flood levels show "little sign of retreating." The situation in the districts affected has deteriorated and reports of large-scale damage to factories, railways, roads, houses and crops are coming in.

The West Bengal Chief Minister, Mr. Jyoti Basu, told reporters: "The casualty list is still incomplete. We fear many more have died but full information is yet to reach us because of communication difficulties." He has cancelled a public holiday tomorrow to enable relief work to continue.

The state government has three major problems to tackle: disruption of road communications between waterlogged Calcutta and the flooded districts, shortage of rice and an inadequate number of boats to carry out rescue operations. The Army is conducting its relief work on a war footing and the Air Force is dropping food and medicines round the clock. The extent of the disaster will be known only when reports come in from the affected districts but the damage is colossal and will inevitably affect the West Bengal economy, which has already been hit by power cuts and shortage of resources. In Calcutta alone, at least 1m people are said to be homeless.

Strikes hit Iran's public sector

BY ANDREW WHITLEY

A RASH OF STRIKES has spread across Iran's public sector, in support of wage demands. The most serious began today when staff of Bank Mellat, the state-owned banking giant, with 1,800 branches, walked out.

Bank Mellat acts as the Government's receiving and disbursing agency for all official salaries, payments and utilities. Observers believe that the strike could soon cause considerable difficulty. Bank Mellat has over a third of the banking system's total deposits, and in recent weeks has been helping banks with liquidity problems.

Public-sector employees in Iran have been much worse paid than their private counterparts, and the political opening up of

recent months has given them a chance to press their case. The strikes have no political implications except as a reflection of the depth of discontent of society that the Shah can rely on.

The Bank Mellat strike is understood to have been provoked by a substantial wage rise awarded to the Central Bank of Iran, Bank Markazi, staff 10 days ago. The central bank had sought to restore a traditional differential it held over other banks, and at the lower end of the pay scale wage awards up to 50 per cent are understood to have been made.

Meanwhile employees of the Telecommunications Company of

Iran began a strike yesterday. Maintenance work on telegraph and telephone lines was affected first. In Khuzestan province, where Iran's main oilfields are, a week's strike by several thousand daily paid workers is thought to be continuing.

Iran today underwent its first political general strike since the imposition of martial law three weeks ago. The strike which was largely successful in closing shops and bazaars in Tehran and eight provincial cities was called by opposition groups to protest against the alleged house arrest in Iraq of the exiled religious leader Ayatollah Khomeini.

The National Front, the main political opposition, said the strike had closed shops in much of the capital, and in the cities of Kermanshah, Qazvin, Yazd, Mashad, Shiraz, Tabriz and Qom. Only minor disturbances were reported, except in Mashad, in the north-east, where a police colonel and his driver were killed in a terrorist attack.

Reuters adds from Tehran: The Government today offered an amnesty to militants among the 50,000 Iranian students living abroad. The offer said that the students would not be prosecuted when they came home if they respected the constitution and the "independence, territorial integrity and freedom of Iran."

Railmen go back in the U.S.

By David Lascellas

NEW YORK, Oct. 1

THE THREAT of serious dislocation to the U.S. economy was averted this weekend when striking railway workers obeyed a court order to return to work, pending the outcome of an investigation ordered by President Carter.

Trains were reported to be rolling again in most parts of the country today, though railway officials said that it would be several days before normal service was restored throughout the strike-hit areas, which comprise most of the country except the north-east.

The strike was sparked off last week by a dispute between Norfolk and Western Railway, an important carrier in the centre of the country, and the Brotherhood of Railway and Airline Clerks over plans to automate the railway's operations. Workers at other railways soon came out in sympathy, mainly because Norfolk and Western was receiving \$800,000 a day from other railway companies under a mutual aid agreement.

On Thursday, President Carter appointed an emergency board to investigate the dispute, and on Friday night a federal judge signed a temporary restraining order compelling strikers to return to work for a 60-day cooling-off period. Although there was initially some doubt about how the unions would react to these moves, it was clear by Saturday that they would comply.

Washington is likely venue for Israeli, Egyptian peace talks

BY L. DANIEL

JERUSALEM, Oct. 1

THE ISRAELI Government has apparently agreed that the negotiations on the details of the Egyptian-Israeli peace treaty will be held in Washington. They will start immediately after Yom Kippur, that is after October 11. The proposal to hold the talks in Washington was put forward by Mr. Arielevitch, the U.S. Envoy in talks here.

Mr. Menahem Begin, the Israeli Prime Minister, is likely to present the U.S. proposal for approval in the cabinet at its next session after the Jewish new year holiday, which starts tonight. The Israeli delegation to the peace talks will be headed by Foreign Minister Moshe Dayan.

Meanwhile Mr. Begin warned that if the autonomous Administrative Council, which is to be set up in the West Bank and Gaza, were to decide to establish an independent Palestinian state, Israel would consider this illegal and a breach of the agreement.

Expressing this view in an interview with the Egyptian paper in Jeddah last night that Jordan could not be expected to commit itself to terms agreed in the Camp David accords to which it was not a party. He would tell other Gulf leaders the same, the officials said.

David Salter reports from Moscow: President Hafez Assad of Syria is to visit the Soviet Union. The Tass news agency, which announced the visit today, gave no precise dates. It said the visit, the second by the Syrian leader to Moscow this year, would be early this month, believed here to be realistic.

The Egyptian negotiating team, Syria's President Assad today began an official visit to East Germany, the first to a Communist General Mohammed Sadat, is particularly anxious to secure an exact timetable for the Israeli withdrawal from each stage of the Israeli with Soviet Union and its allies.

drawal from occupied Sinai to prevent any subsequent bargaining. There is far less optimism on the question of the broader framework for Middle East peace agreed at Camp David. Egyptian officials believe it vital that further progress should quickly be made on the Palestinian issue, in particular on persuading Israelis to accept the freezing of any further West Bank settlements during the next five years.

President Sadat meanwhile put the final touches to a major speech that he will deliver tomorrow on the outcome of the Camp David talks and on his plans for restructuring the Government.

Reuters adds from Bahrain: King Hussein of Jordan toured Gulf states today seeking support of moderate Arab Governments for a common stand on the Camp David accords. He arrived in Bahrain from Kuwait today after visiting Saudi Arabia yesterday.

Jordanian officials said that the King told Saudi Arabia's Crown Prince Fahd during talks in Jeddah last night that Jordan could not be expected to commit itself to terms agreed in the Camp David accords to which it was not a party. He would tell other Gulf leaders the same, the officials said.

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Bitter mood as French Assembly resumes

BY DAVID CURRY

PARIS, Oct. 1

FRANCE'S National Assembly starts its autumn session tomorrow with its 491 members in a surly but helpless mood.

The Government side, on edge because of by-election defeats, knows it has no hope of persuading M. Raymond Barre, the Prime Minister, to soften either his image or his economic strategy.

The Socialists and Communists, still blaming each other for their election defeat, know that the forthcoming Socialist census motion on economic strategy has no hope of being passed.

The most bitter are the

Gaullists. For the first time at their pre-parliamentary meeting they were posing openly the question of their continued membership of the Government coalition. M. Jacques Chirac, party leader, and M. Michel Debre, former Prime Minister, have accused the Government of following the wrong path, since the election and of betraying the conservative electorate. Their protest is weakened by their failure to agree on whether the country needs a more rigorous economic strategy to curb inflation or immediate reflation to tackle unemployment.

President Giscard d'Estaing has seized the occasion of the twentieth anniversary of the drawing up of the constitution of the Fifth Republic to emphasise that if he faces a parliamentary revolt he will dissolve Parliament. A new election would almost certainly lead to left-wing gains.

The mood is scarcely cheerful on the left. The Socialists, despite being the clear winners of recent by-elections, know that their leadership is perilously close to an open dispute between M. Francois Mitterrand, who broadly represents the strategy of the left as a whole, and M.

Michel Rocard, the closest thing to an heir-apparent. M. Rocard has been talking increasingly about a separate Socialist strategy.

The Communists, who appear to have contained post-election dissidence in their ranks have fared dismally in the by-elections. They are doubtless waiting to see which way the Socialists jump before deciding whether to press ahead with their current strategy of appealing to the "workers" and the "poor" or whether to try to appeal to a broader spectrum to take advantage of any Socialist drift towards the centre.

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Beirut ceasefire collapses

BEIRUT, Oct. 1

HEAVY GUNFIRE wrecked a fragile ceasefire in Beirut today as a defiant right-wing leader vowed that his militiamen would continue fighting until they had forced the last Syrian soldier out of Lebanon.

Sporadic mortar and automatic weapons fire gained in intensity shortly after President Elias Sarkis had held urgent talks aimed at prolonging the uneasy truce which ended 10 hours of fighting in the Christian east of the city yesterday.

Local radio and newspaper reports estimated that at least

250 people were killed or wounded in yesterday's clashes. Residents said the ceasefire collapsed this afternoon when shells began slamming into three Christian districts.

The fighting is the latest round in a savage war of attrition between the Christian militia and Syrian troops attached to the Arab force. The truce which ended 10 hours of fighting in the Christian east of the city yesterday.

Local radio and newspaper reports estimated that at least

Fatah attempts Eilat raid

TEL AVIV, Oct. 1

ISRAEL'S NAVY has captured seven Palestinian guerrillas who were sailing to attack the port of Eilat, the Defence Ministry in Tel Aviv announced today.

An official said the guerrillas had planned to bombard Eilat with rockets before escaping to the Jordanian port of Aqaba.

A small craft carrying the guerrillas was seen by an Israeli patrol vessel just south of Dabab at the southern end of the Gulf of Aqaba. The Palestinians ignored warning shots and tried to sail off. The Israelis then fired at the guerrilla craft and sank it.

The guerrillas, three of whom were wounded, surrendered. Under interrogation they said they belonged to El Fatah.

Mr. Yasser Arafat, the El Fatah leader, threatened to unleash

new attacks after the Egyptian-Israeli agreements at Camp David.

In Jerusalem a bomb exploded in the centre of the city today. The explosion, which occurred on New Year's Eve, Police said nobody was hurt but several buildings were damaged. Security forces cordoned off the area and arrested several dozen people for questioning.

In Beirut: The Palestinian news agency Wafa said commandos had inflicted heavy casualties on Israeli targets south of Eilat and had destroyed or damaged several Israeli vessels berthed in the port. The agency said two guerrillas were killed and seven captured during the operation which took place yesterday.

Mr. Yasser Arafat, the El Fatah leader, threatened to unleash

Refusals anger Rhodesia

BY TONY HAWKINS

SALISBURY, Oct. 1

RHODESIAN TRANSITIONAL government leaders reacted angrily today to the US decision to refuse entry visas to Mr. Ian Smith and Chief Jeremiah Chirau. All four leaders of the transitional government—Mr. Smith, the Chief, Bishop Munozwa and the Rev. Sibhole—had been invited to make a public relations tour of the U.S.

by 27 conservative American senators, but at the weekend Rhodesian officials were told that Whitehall had refused Mr. Smith a Heathrow transit visa and that the U.S. State Department had refused visas to two of the four members of the Executive Council.

Mr. Sibhole said the U.S. only wanted to hear one side of the story—the one of the Patriotic Front, whose leaders had been allowed in.

The decision to ban Chief Chirau is particularly ironic since on Saturday he became the sole member of the four-man executive to welcome and sup-

port the Anglo-American call for an all-party conference on Rhodesia.

Chief Chirau said: "The United States is doing nothing to help the people of my country. All they want to do is to help the other side—to help the Communists."

Meanwhile casualty figures in official communiques show that September was the bloodiest month of the 51-year-old guerrilla war to date. A total of 791 people died in the fighting last month—the previous worst having been in July when there were 765 casualties.

In London: Officials said it had been pointed out to Salisbury that Mr. Smith would make himself liable for prosecution if he landed in Britain.

Mr. Roy Welensky, 71, former Prime Minister of the Federation of Rhodesia and Nyasaland, has entered hospital for observation. His daughter said his admission to hospital was not related to his known heart condition.

Botha silent on Namibia

BY QUENTIN PEEL

JOHANNESBURG, Oct. 1

SOUTH AFRICA has yet to give a formal response to the United Nations Security Council resolution calling on it to co-operate with the UN in implementing its plan for a cease-fire and free elections in Namibia.

Mr. P. W. Botha, the new Prime Minister, and Mr. P. W. Botha, his Foreign Minister, met in Pretoria yesterday to discuss the issue.

On his arrival earlier in the state capital for the first time as Prime Minister, Mr. P. W. Botha said: "We do not want to challenge the world. We want to co-operate with the free world."

Interviewed on London Weekend Television, Dr. Owen said it would be right for Britain to use a veto in the Security Council to get the deadline extended if there was a real chance of a peaceful settlement.

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WORLD TRADE NEWS

Heating companies' U.S. drive

By Ray Daffer

BOSTON Oct. 1. UK MANUFACTURERS of off-peak storage heating systems and related equipment who have seen the UK market contracting over the past five years are making an early bid to break into the U.S.

The UK companies which are now completing a trade mission to the U.S. and Canada have been quick to spot a new direction in North American energy policies. Load management in electricity generation is being recognised increasingly as an important contributor to energy conservation. The gradual move to a greater proportion of nuclear power generation, with its restricted flexibility in output, means that the U.S. may well have to encourage households and utility buyers to buy more of their electricity in the off-peak period.

Encouraged by U.S. energy authorities, over 20 states have now introduced some form of off-peak or "time of day" charge for electricity.

This is where the trade mission comes in. The U.S. has very little experience of the storage heating market. "We have both the experience and the technology," said Mr. John Flatts, the Electricity Council's energy sales manager and mission leader.

The mission has been organised by the British Electrical and Allied Manufacturers in conjunction with the Electricity Council. Companies involved are: Ebsco, Westinghouse, GEC Measurements, Heatcraft, Sada, Horstmann Gear Company, LMI-Samton, Pacrol Controls, Radyne, Storad, T.I. Creda and Unidare.

Volvo to spend up to £348m on development of trucks

BY KENNETH GOODING

Volvo of Sweden is to spend between Kr 2,500bn and Kr 3,000bn (£390m to £480m) to further develop its range of trucks, an illustration of the emphasis the group now puts on commercial vehicle manufacturing.

Mr. Sten Langenius, chief executive of the trucks division gave this estimate when introducing two new mid-range Volvo trucks launched today. They represent the final links in the previous commercial vehicle programme which cost Kr 1bn (£150m). It means that all the current Volvo trucks have been on the market less than five years.

Volvo took a decision in 1969 to invest heavily in its trucks business to provide some balance to car manufacturing. Now the group employs more than 10,000 people in the trucks division, mainly in Sweden although there are assembly facilities in seven

other countries, including the U.S. and another is being built in Brazil.

The group made 25,000 trucks last year and the division accounted for around one quarter of Volvo's turnover of Kr 16bn (£1.8bn). Mr. Langenius expects output in 1978 to reach 25,500.

Output is being boosted by the recent deal with the Freightliner Corporation of the U.S. involving the marketing of Volvo trucks in the U.S. and Canada. The Freightliner agreement will give Volvo access to network of 200 sales and service points across the whole continent.

Some 700 vehicles are being shipped in the States this year in preparation for the new venture which is to be launched in January next year.

By the early 1980s Volvo should be selling 3,000 trucks a year in the U.S. and Canada. The total North American market for the 13 to 17 tonne sector Volvo

is attacking is around 30,000 vehicles.

The American deal will therefore provide a useful boost to the growth of Volvo's truck division which Mr. Langenius expects to be between 5 and 8 per cent a year.

He said that competition is forcing the faster introduction of entirely new commercial vehicles. Whereas a truck range previously had a life of ten to 15 years it had now shrunk to seven to ten years.

The pace at which new transport regulations were being introduced would also speed up changes. "So we must develop new trucks while improving existing lines."

The two new truck ranges launched today are the F7 and the F85. They succeed the best-selling F65 and F68 trucks — 41,000 units sold since 1964.

The new Volvos are designed for a wide variety of transport work, from waste collection to medium distance runs. There are three engine alternatives, a choice of cabs and a number of different types of chassis.

In the UK, where Volvo has sold 22,000 units since it entered the market 11 years ago, only the F7 will be available.

Volvo will manufacture and assemble some 1,300 vehicles at its plant in Irvine, Scotland, in 1979 compared with the 800 to 900 this year. The group has invested around £5.2m at Irvine so far, and 350 people are employed at the plant.

The plant is controlled via Volvo's UK wholly-owned subsidiary, Alisa Trucks, once simply an importer organisation and which the Swedish group acquired three years ago.

The name of the company is to be changed this month to Volvo Trucks. Apart from assembly of trucks, the UK offshoot offers design and engineering consultancy to Volvo Gothenburg and Ghent in Belgium as well as the design and manufacture of integral buses.

On the dry cargo side higher steel production figures in August gave some encouragement. Inquiries for ore cargoes in the Atlantic is described as strong, but coal trading has been hit by the U.S. rail strikes.

In the time charter section, Panamax bulkers in the Far East continue to attract improved rates, but grain inquiry has fallen off after difficulties with the U.S. crop.

The tanker sale and purchase market continues busy, reflecting healthier freight markets.

Greece may buy tanks from UK

By Our Own Correspondent

ATHENS, Oct. 1. NEGOTIATIONS between the Greek Government and Vickers for a package deal under which Greece would buy British tanks and establish a tank assembly and repair plant are progressing satisfactorily, a spokesman for the British company said here.

Vickers is among 66 British companies exhibiting a wide range of defence equipment on board the British Royal Fleet Auxiliary Tarbatness which arrived in Piraeus last week.

The visit is the first stage of this year's UK defence sales tour which also includes Spain, Nigeria, Brazil, Colombia and Tunisia.

For political reasons, Britain did not sell any military hardware to Greece during the seven years of military dictatorship which ended in July 1974. She is now anxious to regain ground lost to French, West German and Italian competitors.

The negotiations between the Greek Government and Vickers concern the main battle tank. Under a Vickers offer made in 1976, and now the subject of the negotiations, the tank's engine, armour, 105 mm gun and electronic equipment would have to be imported from Britain while the value of the equipment added in Greece would be in the range of 50 per cent.

Vickers salesmen point out to the advantages of a tank assembly and repair plant in Greece, such as the saving of much-needed foreign exchange and the spinoff to Greek industrial plants such as shipyards which would manufacture parts of the tank.

At 38 tonnes, the main battle tank is lighter than other tanks in its category and therefore more suited to Greek conditions and easier around 51m. Competing with it for the Greek market are the German-built Leopard and the French AMX30.

MEXICAN TRADE

Balancing act for Britain

BY WILLIAM CHISLETT IN MEXICO CITY

The annual meeting of the Anglo-Mexican joint commission on industrial and economic co-operation which starts today in Mexico City and ends on Wednesday looks as if it will prove to be the most intense and productive so far.

For Britain, which is holding its largest single overseas promotion in Mexico City from November 8 to 17, the meeting is a last chance to gauge at close quarters the Mexican market and for Mexico, emerging from its 1976 economic crisis, there will be a greater attempt to sell itself.

Mexico will once again raise the sensitive issue of balancing the trade between the two countries—which is very much in Britain's favour—but it is unlikely to get any favourable response to its request given that Britain's attitude is that it is pragmatic to talk of balancing trade with every country with which it trades. What matters is the overall trade position of a country and not balancing with individual countries.

In the first half of this year Britain's exports to Mexico were worth £49m compared to £37m for the same period last year. Mexico's exports to Britain in the first six months of this year totalled £21m.

In 1977 Britain's trade with Mexico totalled £79m and Mexico's with Britain was worth £40m, which was its largest ever,

but still leaving the balance 50 per cent in Britain's favour.

At the meeting Mexico will be pushing for increased investment on the part of Britain in Mexico. After the U.S. and West Germany, Britain has the most investment in Mexico. Total foreign investment in Mexico was recently estimated at \$5bn with 60 per cent of that by the U.S. Mexico is interested in investment outside Mexico City as part of its decentralising policy, with the capital moving under the strain of a 13m population.

The sectors in which Mexico is particularly interested in obtaining new investment are agriculture and associated industries, machine tools, mining, petrochemicals and the offshore oil industry. The Inter-American Development Bank estimates that between now and 1980 Mexico will import \$500m worth of agricultural equipment with demand amounting to between 4,000 and 5,000 tractors a year.

Britain already does a good trade in tractor parts for assembly in Mexico. In the first six months of this year 7,500 parts were exported to Mexico compared to 3.5m in the same period last year. Mining machinery is another good trade in tractor parts sold in the first half of this year compared to 394,000 in the same period in 1977.

Over the years, trade has been developing between the two countries at a fairly fast rate.

Mexico's trade with Britain has gone from £17.7m in 1974 to £40m last year and Britain's in the same period from £60m to last year's £79m, which was a bad year compared to the record £119m in 1975.

Britain's trade with Mexico fell dramatically last year after the devaluation of the Mexican peso in 1976 and the Government's decision to cut back imports and reduce demand. The devaluation had the desired effect on Mexico's exports which in 1976 were worth to Britain £23m—more than double the 1975 figure, while Britain's exports went from £11m in 1975 to £119m in 1976.

Later this week, on Thursday and Friday, the joint commission between the two countries on scientific and technical co-operation will also hold its annual meeting. London was the host for both meetings last year.

Mexico will present 85 bids for technical assistance at this meeting ranging from advice for its steel industry to how it can best develop its policy of decentralisation. British officials will be looking at these requests with an eye to whether they might lead to new export orders. They are also hopeful that the British industrial exhibition in Mexico City next month, Britain will pick up business in a rapidly expanding market which the West Germans, the Japanese and the Americans have traditionally dominated.

Canada and Romania in reactor talks

BY PAUL CHEESRIGHT

CANADA hopes to sign contracts with Romania by the end of the year for the sale of between one and 16 Candu heavy water reactors. Romania requires 16 reactors over the next 15 years on the nature of the package that might be negotiated.

Mr. Alastair Gillespie, the Canadian Minister of Energy, Mines and Resources, said in London over the weekend, en route for talks in Bucharest, to advance the possibility of sales, that the chances of winning a

contract were "pretty good."

Negotiations had reached a fairly critical period, he said. Sales could be worth "some billions of dollars," depending on the nature of the package that might be negotiated.

The value of any contract will depend on the amount of equipment provided directly from Canada. This could be extensive in the early stages of any lengthy development programme.

but as equipment sales tailed off engineering fees would increase. Last July Atomic Energy of Canada signed the second of three agreements needed to complete the sale of four Candu reactors to Romania.

Looking at the nuclear energy industry as a whole, Mr. Gillespie said that the next two years will be crucial in deciding the movement of uranium prices throughout the 1980s and 1990s.

World Economic Indicators

	INDUSTRIAL PRODUCTION 1970 = 100				% change on year
	Aug. 78	July 78	June 78	Aug. 77	
U.S.	139.9	139.2	138.0	131.9	+6.1
U.K.	104.4	104.2	102.9	102.4	+2.1
Japan	136.2	135.7	135.7	125.9	+8.2
Italy	127.5	124.2	123.2	123.5	+3.2
Holland	129.0†	126.0	123.0	124.0	+4.0
W. Germany	106.9†	119.0	120.2	100.1	+6.8
France	126.0	127.0	131.0	127.9	-1.5
Belgium	119.1	123.4	119.6	121.7	-2.1

† Provisional



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Continued Policy of Diversification

Salient points from the circulated statement of the Chairman, Mr. Gerald A. Lomas, for the year ended 31st March, 1978:

- * Group profit before taxation for the year amounted to £2,969,515, compared with £2,302,807 for the previous year. Your Directors propose a final dividend of 1.675p per share and, together with the interim dividend of 1.525p per share, will make a distribution of 3.2p per share for the year, compared with 3.225p for the previous year.
- * Dyson Refractories Limited—The capital investment, within the Division, to expand facilities which are not necessarily tied to the iron and steel industry has made possible a modest expansion of sales and exports during a difficult period. As a result of this the Division's profitability has now reached acceptable levels.
- * Pickford, Holland & Co. Limited—Profitability was better than last year partly because of movement into products of higher technical content and partly because of exports which increased to over £5 million.
- * M. & G. Trailers (Lye) Limited—The vastly increased activity maintained by the Company during the year resulted in profits far in excess of anything previously achieved. The volume of this activity has continued into the current year. A joint venture into the manufacture of a road tanker constructed in a quite revolutionary manner and incorporating many unique safety features, makes the potential of this Company very good indeed.
- * The Builders Centre (Sheffield) Limited—The depressed state of the construction industry continued to affect performance. However, we look forward with confidence to the forecast increase in activity when I am sure the Company will make a much greater contribution to Group profits.
- * Sandycote Motor Services Limited—Expansion of our workshop and service bays has enabled a welcome increase in profitability to be achieved. By providing an efficient service, which is widely acknowledged, this Company will continue to increase its profitability.
- * Bescoft & Partners (Metallurgists) Limited—In spite of increased turnover, there has been a small reduction of profit. This is a small, well run Company capable of increased profitability as and when the economic climate improves.
- * The Group is determined to diversify into new activities over and above our traditional business and I am confident that the enthusiasm of our executives will bring these, our intentions, to fruition.

Copies of the Report and Accounts are obtainable from the Secretary, Griffiths Works, Stanington, nr. Sheffield S6 6BW.

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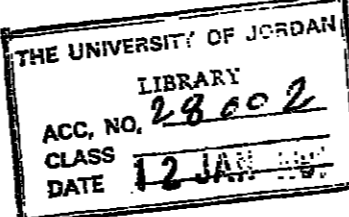
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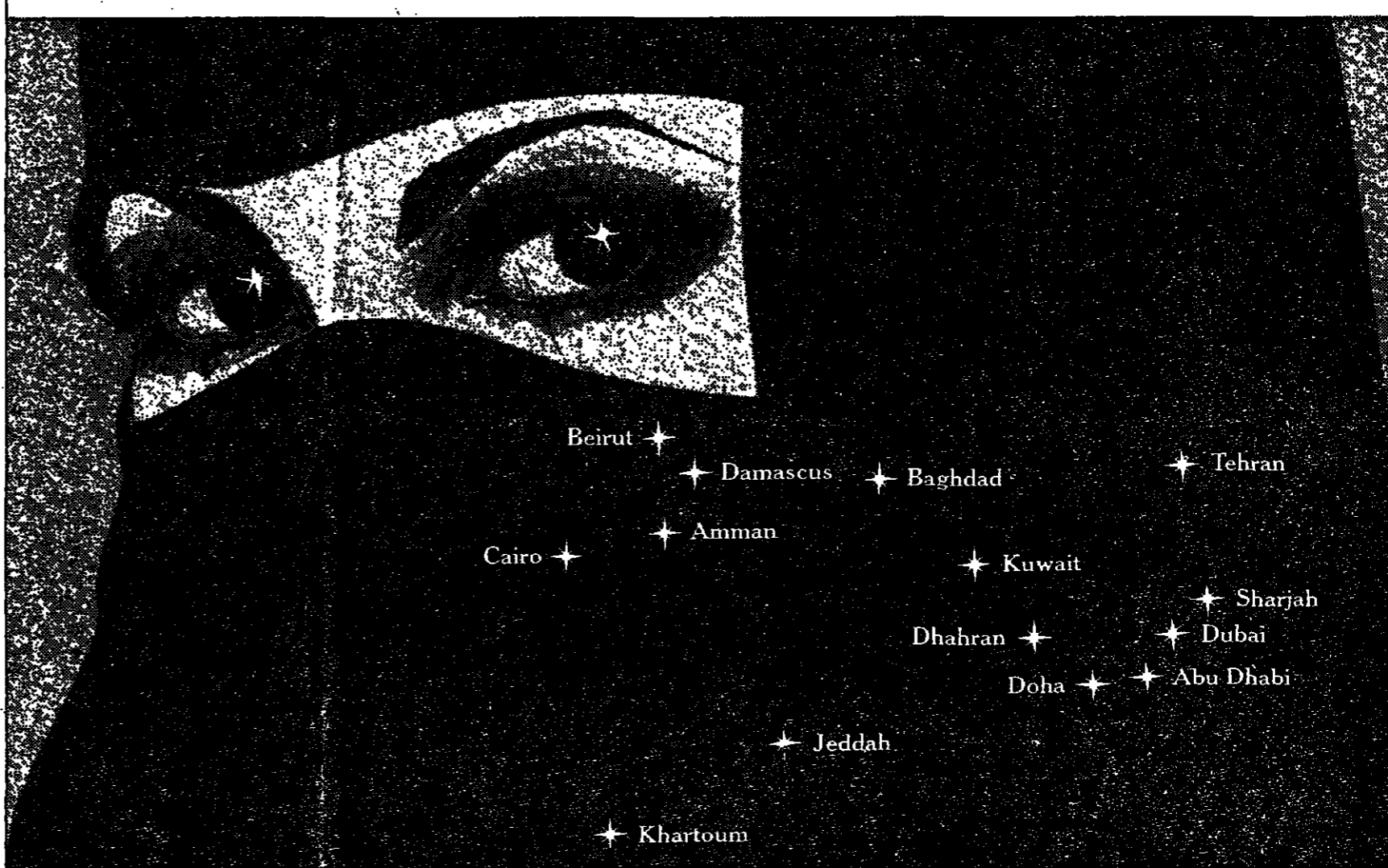
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HOME NEWS

Chrysler to sell Horizon in UK

FINANCIAL TIMES REPORTER

CHRYSLER WILL launch its successful French-made Horizon car in the U.K. market at a price to compete with the best-selling Ford Escort, the Volkswagen Golf, and the Reliant Robin.

The company is aiming to sell about 23,000 Horizons in the U.K. next year giving the model about 1.8 per cent of expected total sales next year.

The Horizon has been launched in the main European markets progressively since January this year, and more than 10,000 were sold in the first six months.

Initially, only the GL and the GLS versions will go on sale in the U.K., beginning on October 12, in time for the International Motor Show at Birmingham. The GL, with a 118 cc engine, will cost £3,103, while the GLS, with a 1294 cc engine, will sell at £3,519.

Cheaper

In January, the cheaper LS versions will be imported. With a 1,118 cc engine, these will cost £2,741. Even if the Horizon achieves the expected sales, there are no plans to start production in Britain.

Second Commercial Vehicles is set this month to produce its 3-millionth vehicle. The total is made up of 2m trucks—making Bedford the first British manufacturer to reach this mark—and 1m vans.

Of the 3m total, nearly 50 per cent have been exported during the 47 years of production, with overseas sales of trucks reaching about 60 per cent.

Volvo said that it would show its updated next year's range at the Motor Show, incorporating no fewer than 800 changes in design.

Treasury figures likely to show steady reserves

BY DAVID TREUD

THE UK's official reserves remained steady last month. Treasury figures to be released tomorrow are expected to show.

With changing sentiment towards the dollar the main influence on exchange markets, there was little direct pressure on sterling, which was allowed to fluctuate between \$1.94 and \$1.99. Intervention was probably limited to smoothing operations.

The reserves are likely to reflect some repayment of loans, but this will be offset to some extent by money entering the country as a result of a recently organised loan from a syndicate of Japanese banks by the Electricity Council.

National income and expenditure statistics released on Friday will show what has happened to the savings ratio. This has been subject to large fluctuations recently, falling from more than 18 per cent in the last quarter of last year to 14 per cent in the first three months of this year.

The Bank of England, in its latest quarterly bulletin, said it expected the ratio had risen again sharply in the second quarter.

The figures should confirm the sharp rise in real personal disposable incomes that has been taking place. The bank estimated that these were 7.5 per cent higher in the second quarter than at the same period a year ago.

On the manufacturing side, figures for the gross domestic product will be released, which are likely to confirm the provisional estimate showing a rise in output in the second quarter of 1.1 to 2 per cent.

The first signs of whether this sharp surge in output is likely to encourage new investment will emerge today with the release of the Department of Industry's survey of investment intentions in manufacturing,

distributive and service industry. The previous survey, released in June, projected an increase of between 10 and 13 per cent in the volume of manufacturing investment between last year and this year.

£45,000 study on improving old factories

By Arthur Smith, Midlands Correspondent

BIRMINGHAM has been selected by the Department of the Environment for a case study into ways of stimulating the improvement of industrial premises within inner city areas.

An estimated 40 per cent of the 6,000 buildings comprising Birmingham's industrial centre were built before 1914. The effect that old buildings have upon manufacturing efficiency will be one of the issues to be considered.

The study has been commissioned by Aston University's joint unit for research on the urban environment. The work is expected to take nearly two years at a cost of £45,000.

Unions will appoint safety 'watchdogs'

By Paul Taylor

IMPORTANT SAFETY regulations which allow trade unions to appoint "safety watchdogs" in places of work came into force today.

The key feature of the regulations, passed by Parliament last year, is that they shift the control of dangers at work back into the workplace and leave the existing 900 factory inspectors in England, Scotland and Wales to deal with unresolved safety problems "as a last resort."

In any workplace, no matter how many people are employed, a recognised trade union will be empowered to appoint one or more safety representatives.

Two or more such representatives can then ask the management to set up a joint management/union committee to oversee the workings of the Health and Safety at Work Act, 1974.

It is expected that about 150,000 union safety officers will be appointed. Their training is being undertaken by the TUC with the representatives entitled to paid leave for ten-day or five-day courses.

The Health and Safety Executive dismisses suggestions that the regulations will prove an unwelcome burden on management.

Many large companies, including Ford, General Motors, and Rank Xerox, have already concluded national agreements on safety representatives and committees.

LABOUR NEWS

AUEW leader attacks striking toolmakers

BY NICK GARNETT AND ARTHUR SMITH

A VIRULENT public attack on the striking toolmakers at SU Fuel Systems and on the unofficial BL Car's toolroom committee was made yesterday by Mr. John Boyd, general secretary of the Amalgamated Union of Engineering Workers.

"These men must be penalised," he said, in an editorial in this month's union journal which is likely to further strain the relations between the union executive and unofficial toolroom leaders.

Mr. Boyd said the 32 toolmakers at BL's SU plant were demonstrating "rebellious indiscipline."

The union's democracy, the root of its strength had been put on trial by people who had to be penalised.

This referred not only to the striking toolmakers, but also "the small nucleus of self-appointed bureaucrats who are publicly threatening, via all the self-sought news media, to call other members out on strike if the executive council operate, as it must, in conformity with our democratic structure and constitution."

Equally important, the TUC must insist that no other affiliated union takes into membership any of our members "who deserve to be expelled," Mr. Boyd said.

The threat of expelling from the union the SU men who are striking in support of a pay claim brought BL to the brink of a toolroom strike last month.

Mr. Roy Fraser, leader of BL Car's unofficial toolmakers committee, said yesterday that statements such as Mr. Boyd's did nothing to help the union's difficulties.

The committee's decisions were arrived at democratically and not through a bureaucracy. The attitude of Mr. Boyd and the executive could result in BL employing non-union workers.

The unofficial committee will be seeking support on Wednesday from other craft workers for a joint programme of industrial action for improved differentials.

Mr. Fraser said that he would be looking for "a positive response" from the BL Cars' moment.

unofficial craft committee, which claims to represent 14,000 skilled workers.

The outcome of Wednesday's meeting will be considered by the 60-strong committee of toolmakers next Saturday. They will already have before them a recommendation from Mr. Fraser for industrial action in the event of failure by the engineering union's national executive to support the SU toolmakers, now in the eighth week of their unofficial strike.

Mr. Fraser, who pulled out 3,000 toolmakers last year in a campaign for improved differentials, is unlikely to be pushed into precipitate action.

The SU leaders are known to be pressing for an all-out strike, but Mr. Fraser may prefer to wait for a more opportune moment.

Dispute delays warship

A DEMARCATION dispute at Portsmouth docks is delaying the 23,300-ton commando carrier Bulwark from being brought out of retirement.

Shipwrights at the drydock have refused to shore her up with wooden supports because they feel it is a job for labourers.

So far, 170 shipwrights have been sent home without pay for refusing to work.

Some refitting work is going on inside the ship while she is afloat, but the programme is rapidly falling behind schedule.

Big rise sought for farm workers

BY OUR LABOUR STAFF

AGRICULTURAL WORKERS needed a very substantial improvement in wages to lift them clear of the poverty trap, Mr. Jack Boddy, general secretary of the National Union of Agricultural and Allied Workers, told the union's annual conference at the weekend.

Many agricultural workers who claim Government benefits achieved nothing from modest increases in wages because this was offset by losing some of those benefits, Mr. Boddy said.

The union has submitted to the Agricultural Wages Board a huge claim intended to raise minimum rates from the £43 a week to £80 and to secure a reduction in hours.

There was every justification for such a claim when it was noted that the average earnings of agricultural workers is about a quarter below average industrial workers' earnings, Mr. Boddy told the conference.

Agriculture was no longer the labour intensive industry it used to be and the labour force had dropped 120,000 in the past decade.

Despite increased output and a falling labour force the workers have not benefited financially, Mr. Boddy said.



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APPOINTMENTS

Changes at Taylor Woodrow

A number of new appointments to the Board of TAYLOR WOODROW has been made to ensure continuity of the Group's progress and philosophy following the retirement of Group managing director next June of the founder, Sir Frank Taylor. Sir Frank, now 73, and who started to build up the company in 1921, will then become the first president of Taylor Woodrow while continuing to serve as an executive director. Mr. R. G. Patek is appointed chief executive of the company in addition to his appointment of chairman of the board, with overall power and responsibility for administering the affairs of the company. Mr. R. E. Aldred, Mr. N. C. Baker and Mr. F. R. Gibb are appointed deputy managing directors additional to Mr. E. S. L. Trafford who already holds such an appointment. These four directors are to be joint deputy managing directors and will become joint managing directors when Sir Frank relinquishes his post in addition to his appointment of joint deputy managing director Mr. N. C. Baker was appointed a joint deputy chairman of the company.

Mr. T. F. Honess becomes chairman of BUTTERFIELD-HARVEY following the retirement of Mr. S. A. Roberts. Formerly chairman of GKN.



Mr. T. F. Honess, chairman of Butterfield-Harvey.

SANKEY, Mr. Honess is chairman of the Rubber and Plastics Processing Industry Training Board. His office will be at the Butterfield-Harvey Group headquarters at Villiers House, Strand, London.

Executive directors appointed by S. G. WARBURG AND CO. are: Mr. R. O. Bernays, Mr. D. A. Higgs, Mr. P. R. Horrobin, Mr. S. D. F. Kaefer, Mr. D. L. Landell, Mr. R. D. Latens, Mr. G. H. Rees-Williams, Mr. P. von Simson, Mr. N. C. von Speyr.

Mr. W. H. Jones has been appointed chief executive of LOW AND BONAR, UK packaging division. Formerly managing director of Low and Bonar Packaging, he is currently president of the Film Converters Association. Mr. David Wright has been appointed managing director of Low and Bonar Packaging and of BIBBY AND BARON (LEOMINSTER), two of the division's companies.

BUSINESS MAGAZINES INTERNATIONAL has appointed Mr. David Abramson as chairman, and Mr. Watson, managing director.

Mr. J. F. T. Galvanoni has been appointed to the Board of ROBERT FLEMING AND CO. from October 1. Mr. J. R. K. Emly, Mr. D. S. P. McEwen and Mr. R. H. Streeter have been appointed to the Board of ROBERT FLEMING INVESTMENT MANAGEMENT, also from October 1. Mr. Harry Cutler has joined Robert Fleming and Co. as chief foreign exchange dealer.

MANCHESTER EXCHANGE AND INVESTMENT BANK has appointed Mr. Michael Hardman as a regional director.

Mr. Peter Haughton has been made managing director of KEITH PROWSE. He and Mr. Neil Falkner have been appointed directors of the holding company, The Keith Prowse Organisation (Reservations). Mr. Dion Rheeder has been appointed a director of Keith Prowse Travel.

CONTRACTS

Granada orders 11m cameras from Marconi

Granada Television, Manchester, has placed an order, valued at over £1m with Marconi Communication Systems, a GEC-Marconi Electronics company, for 27 cameras from the Mark IX family of colour television cameras introduced in April. Eighteen studio and nine portable cameras will replace all those at present in the Granada TV Centre in Manchester and those used for outside broadcasting.

With Southern Television placing an order for a portable camera, five independent television companies have now bought from the Mark IX family of colour television cameras.

Swedish tour operator, Vingresor, has awarded a contract for the provision and maintenance of a holiday booking and flight reservation system to Cable and Wireless UK SERVICES (UKS). Vingresor, wholly-owned subsidiary of Scandinavian Airlines System (SAS), will be entering the British market as a "direct sell" holiday tour operator this autumn. The computer system, to be provided by UKS, is designated PHOENIX (Package holiday booking system), and is worth over £120,000. It will be installed in the Vingresor booking shop in London.

Businessman's Diary

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Frozen Foods and Freezer Festival (cl. Oct. 4)	West Centre Hotel, SW6
Current	Southern Floor Coverings Exhibition (cl. Oct. 5)	Metropole, Brighton
Current	Business Journals Exhibition (cl. Oct. 7)	Cunard Intl. Hotel, W6
Current	Int. Production Engineering & Productivity Exbn. (cl. Oct. 7)	Olympia
Current	Subcontracting Industries Exhibition (cl. Oct. 7)	Europa Hotel, Runcorn
Oct. 3-4	Electronic Instruments Exhibition	Cunard Intl. Hotel, W6
Oct. 3-5	London Business Show	Wembley Conference Centre
Oct. 5-10	Salon International	Harrogate
Oct. 7-8	National Shoe Repair Exhibition	Earls Court
Oct. 14-28	International Handicrafts and DIY Exhibition	National Ex. Centre, Birm'm
Oct. 20-28	SMMT Motor Show	Bournemouth
Oct. 24-26	Environmental Health Exhibition	Earls Court
Oct. 24-27	European Offshore Petroleum Conference and Exhibition	Earls Court
Oct. 24-27	London Fashion Exhibition	Earls Court
Oct. 24-28	Business Equipment Trade Exhibition	Cunard Intl. Hotel, W6
Oct. 25-27	Management Services and Equipment Exhibition	Exhibition Centre, Harrogate

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Caravan Exhibition (cl. Oct. 8)	Paris
Current	International Trade Fair (cl. Oct. 15)	Barcelona
Current	MIDEST 78 (Industrial Exhibition) (cl. Oct. 6)	Toulouse
Current	Exbn. of Electronics, Telecommunications, Data Processing and Nuclear Techniques (cl. Oct. 6)	Ljubljana
Oct. 3-8	International Clothing Fair "Fashion in the World"	Beograd
Oct. 3-8	Intl. Tobacco and Machinery and Agro-Industrial Fairs	Skopje
Oct. 5-14	International Trade Fair	Bucharest
Oct. 5-15	Motor Show	Paris
Oct. 6-10	Summer Fashion Show	Nice
Oct. 7-10	European Furnishing Market	Lyon
Oct. 10-13	Fourth European Electro-Optics Conf. and Exbn.	Utrecht
Oct. 12-23	USSR Scientific Research Equipment Exbn.	Moscow
Oct. 12-13	Annual Library Microform Conference and Exbn.	Washington Hilton
Oct. 18-22	International Wine Fair	Verona
Oct. 18-22	Solar Energy Exhibition and Conference	Verona
Oct. 25-29	World of Investment '78	Los Angeles
Oct. 28-Nov. 12	SNOW 78—Sports, Winter and Recreation Show	Basle

BUSINESS AND MANAGEMENT CONFERENCES

Oct. 4-5	Anthony Skinner Management: Fraud—Detection and Prevention	Piccadilly Hotel, London
Oct. 5	Institute of Chartered Accountants: Deferred Taxation	Royal Lancaster Hotel
Oct. 8-11	SRI International: Seminar for executives—Decision and Risk Analysis in Financial Management	Lythe Hill Hotel, Haslemere
Oct. 8-13	Bradford University: Group and Personal Effectiveness—Skill with People	Heaton Mount Management Centre, Bradford
Oct. 9	Brit. Council of Productivity Assocs.: Contracts of Employment	Waldorf Hotel, London
Oct. 11	Abacus Conferences: Using Industrial Design Copyright to the best advantage	Kensington Palace Hotel, London
Oct. 12-13	Institute of Marketing: Effective Pricing	Royal Horseguards Hotel, SW1
Oct. 12-Dec. 14	City University and FT: The FT-City Course	City Univ. Business School
Oct. 17	Institute of Marketing: How to Manage Salesmen for More Profitable Selling	Royal Garden Hotel, Kensington
Oct. 17	AGB Conference Services: The Threat of Crime to Industry and Commerce. Sir Robert Mark	Café Royal, W1
Oct. 17	ASM: Legal Implications of Engineering Contracts	Café Royal, W1
Oct. 17	London Chamber of Commerce: What the U.S. Buyer expects	68, Cannon St., ECA
Oct. 17	FSC: International Leasing	Carlton Tower Hotel, SW1
Oct. 18	Henley Centre for Forecasting: Planning Demand for New Products	Kensington Palace Hotel, W8
Oct. 18	SRI International: Computer Security	Hyatt Regency Caspian Htl., Chalus, Iran
Oct. 19	Institute of Purchasing and Supply: Forest Products for the Furniture Industry	Royal Lancaster Hotel, W2
Oct. 19-20	ASM: Establishing Good Communications Systems Within the Company	St. Ermins Hotel, SW1
Oct. 19-20	Management Centre Europe: EEC Legislation on Bankruptcy and Insolvency Procedures	Brussels

COMPANY NOTICES

CENTENARY FUND S.A.
société anonyme
Registered Office: Luxembourg, 14, rue Aldringen
Registre de Commerce: Luxembourg, Section 2 No. 2.198

NOTICE OF MEETING
NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Shareholders of the above-named company will be held at 14, rue Aldringen, Luxembourg at 3.00 p.m. on October 10, 1978, for the purpose of considering and voting on the following resolutions:
To confirm the increase of the authorised capital of the Company up to the amount of 5,000,000 Luxembourg francs to be divided into 5,000,000 shares of a par value of 1 Luxembourg franc each and to authorise and instruct the Board of Directors to issue the shares of the authorised capital and to decide the terms and conditions of the subscription thereof subject to the approval of the shareholders at the Extraordinary General Meeting.
Shareholders are advised that the quorum required at the Extraordinary General Meeting in order for valid resolutions to be taken is the presence in person or by proxy of the holders of at least one-third of the registered shares of the Company issued and outstanding. In the event that a quorum is not present for the Board of Directors to decide for other reasons a second meeting may be held at which there will be no quorum requirement may be convened by further notice. In such event, voting on all items of the above agenda will be adjourned to the said second meeting.
In accordance with Luxembourg Law, Resolutions of the Extraordinary General Meeting and at any adjournment thereof will require the consent of holders of two-thirds of the total number of shares represented at the meeting.
Shareholders may vote at the meeting by proxy, by completing a form of proxy in order to be valid, all forms of proxy must reach the Company at 14, rue Aldringen, Luxembourg, not later than 4.00 p.m. on October 9, 1978.
In order to take part at the above meeting of October 10, 1978, the owners of bearer shares will have to deposit their shares at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following banks:
— Luxembourg: Luxembourg, S.A.
— London: Williams & Giers Bank Limited, 67, Lombard Street, London, E.C.3.

The Board of Directors.

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(Incorporated with limited liability in the Netherlands)

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7 per cent. Convertible
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MUNICIPAL TELEPHONE COMPANY OF JAPAN

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Pursuant to the terms and conditions of the loan, notice is hereby given to Bondholders that during the twelve month period ending September 14, 1978, no Bonds have been purchased. Outstanding amount: UA 9,950,000. FIMATU S.p.A. The Trustees.

Luxembourg, September 29, 1978.

LEGAL NOTICES

No. 002308 of 1978
In the HIGH COURT OF JUSTICE, Chancery Division Companies Court, in the Matter of GRAYBUSH INVESTMENT HOLDINGS LIMITED and in the Matter of The Companies Act 1968.

NOTICE IS HEREBY GIVEN that a petition for the winding up of the above named Company by the High Court of Justice was on the 15th day of September 1978 presented to the said Court by MICHAEL TESTER, COMPANY LIMITED whose registered office is situated at 22, Gower Street, London, W.C.1, and that the said Petitioner is directed to be heard before the Court at 11.00 a.m. on the 30th day of October 1978, and any creditor or contributory of the said Company desiring to support or oppose the making of an order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requesting and paying the cost of the same. A copy of the Petition is also filed with the Registrar of Companies for the said Company.

RUBEN WATTON & CO.,
Solicitors for the Petitioner,
22, Gower Street, London W.C.1.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the undersigned, notice in writing of his intention so to do. The notice must state the name and address of the person or firm, or of their solicitor (if any), and must be served on, or posted, not later than 4.00 p.m. on the 27th day of October 1978.

27th day of October 1978.

For list of plants



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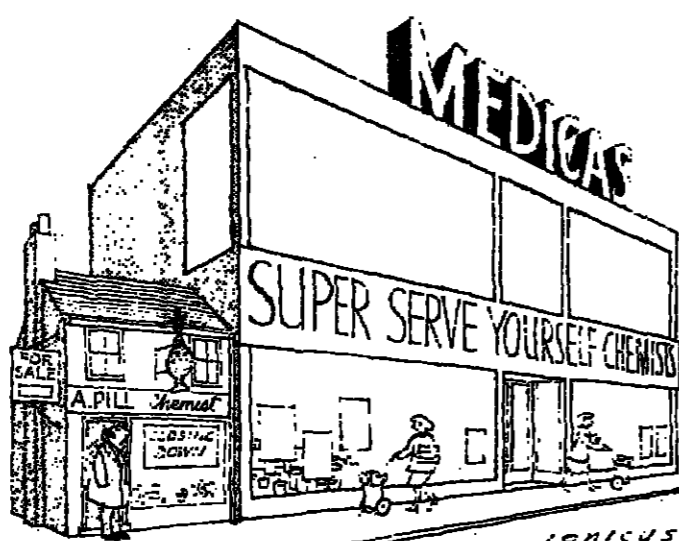
The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

Sore head shock brings 'cautious chemist' call



... the small chemist is being destroyed ...

I WAS somewhat surprised when a girl came to seek my advice some time ago. Daughter of a City man, she was pretty and expensively dressed. Nowadays it is rare for girls to wear hats, except at weddings, but this lass was swathed in a type of turban.

She unwound the garment and it became clear that it was not there for ornament, more for disguise. As this was prior to the punk rock era, the bizarre state of her hair disturbed me. I cannot describe the style, but if one can imagine a Cairn terrier that had fallen into a mincer and then been subjected to blasts from an erratic paint-sprayer, some faint appreciation of the vision may filter into the imagination.

And it was about this devastated mop that the girl sought my assistance. Nothing short of six months would have helped the hair, but one of her complaints was that her whole head was sore, and when I gingerly delved into the ravaged crop I found that the scalp beneath was angry, inflamed and weeping.

I asked her what sort of an accident she had had; and she became quite indignant. "None," she said. "I only tried to dye my hair to please my boyfriend. But I've lost him altogether." She wailed. "And daddy has been so horrid. He says I've caught the mange and he won't eat in the same room with me!"

I attempted to treat the condition and asked her if she would bring the remains of the dye (which she had bought at a supermarket) for my elucidation. So the next day she

brought in a little bottle which still contained a small quantity of dark fluid. But it was the label that interested me more. Three and a quarter inches long and one inch wide, it had printed on it which would make a miniature Victorian prayerbook seem to be as readable as a placard. With the aid of a powerful magnifying glass I made out the legend which, in parts, amazed me.

There were two paragraphs under "CAUTION." One warned that the preparation could cause "serious inflammation" of the skin in some persons, and suggested strongly that the fluid should only be used "in accordance with expert advice." Now, serve-yourself stores are not notably rich in expert advisers, but as the girl had not even attempted to read the tiny words, the warning was lost on her.

The second "CAUTION" was even more disturbing. Having re-emphasised the first, it said that the user should try out preliminary tests "according to accompanying instructions" which the girl had lost. But it was the last, nearly invisible line that really shook me as it said the fluid must be kept away from the eyes as it "may cause blindness!"

Happily the girl had only burnt her scalp, which took no more than a fortnight to repair. But things might have been much worse.

Now it is true that the manufacturers had given their warnings quite properly but had failed to consider that the label, which evidently had been reduced from one intended for a supermarket, was difficult to

read; so they had not meant to mislead. Furthermore, sales of the product were probably intended for pharmacists and not to shops lacking in "experts." Many other cosmetic preparations are far less specific as to risks of allergies, etc., than this, and produce as much irritation to the wretched doctor trying to solve skin problems as they are grievous to the sufferers. Most give no hint of the ingredients whereas the most innocuous medicines must state these in full.

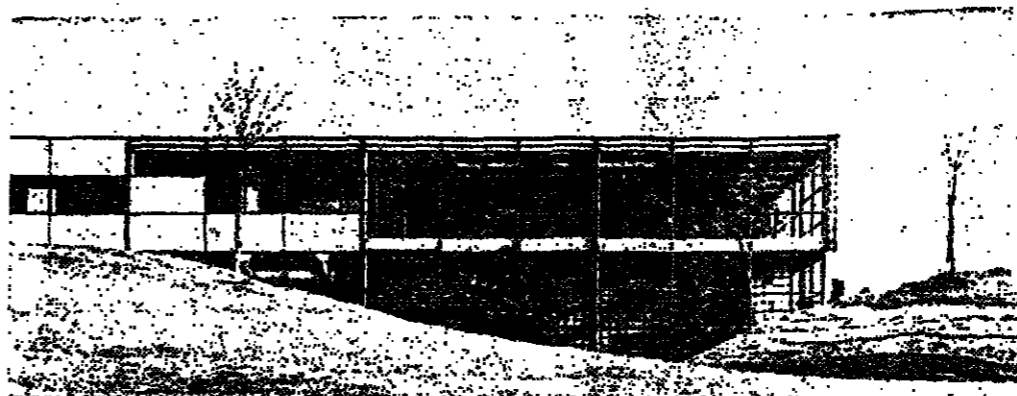
Bad as this may be, the sin would be far less if the sale of such preparations were to be restricted to chemists employing qualified pharmacists who are individuals of great ability and are as cautious as their responsible positions demand. Few know that, if a mistake is made in the dispensing of a prescription, even if it was initially made by the doctor, the blame and the penalty is laid at the door of the pharmacist.

Owing to the poor payment received by pharmacists from NHS prescriptions, and the competition by stores run by the totally unqualified, the small chemist is being destroyed; a recent estimate was that one pharmacy per day is closing down in this country.

Thus, unless action is taken to alter the present undesirable trend, more and more unqualified people will be taking money for potentially dangerous applications from those seeking to enhance their beauty, dangerously unaware that, instead, they may well be much harmed temporarily or for a very long time.

Architecture: never mind the awards, does it really work?

Francis Duffy examines the lasting benefits of unusually close co-operation between client and architect in industrial building



Above: A landscaped setting for PA International's Patscentre near Royston. Below: The interior—'wearing well,' though not always used as the designers intended.



Scientists

How has it been used and how has the original design concept served the user?

Gordon Edge, the director of Patscentre, is quite clear about what he wanted from the building. The Centre—near Royston—is part of PA International, a major consultancy. The work of Patscentre (standing for PA Technology and Science centre) is the kind of product development in which complex problems are solved by scientists and engineers working closely together. As well as their own offices they use laboratories, workshops and drawing offices.

Had things taken their normal British course, no new building would have been built, no new thinking attempted. A large old country house full of pomp, barriers and bad old ways would have been bought.

Instant polarisation would inevitably radiate from the fabric: between senior management in big splendid rooms downstairs and junior staff in servants' quarters upstairs; between the electronic engineers in the East Wing and the chemists in the West Wing; between the offices in the big house and the laboratories at the back. When you buy a country house, you don't just buy square feet. You buy history; perhaps the wrong sort or simply more than you need. Edge wanted none of this.

A multi-disciplinary development group like Patscentre is perhaps less typical of present day bureaucratic structures than of the future. However, the very untypicality of its organisational requirements makes it much easier to relate them to the detailed design of the building than is the case with conventional offices.

Innovation depends upon knowing what is going on, and on pulling this information together. Choice may often play a part: an open office is one way of achieving this serendipity, since information is seen to be free to all and is readily available when needed.

An organisation made up of specialists in various fields working on several problems, sometimes in one team, sometimes in another, must be

flexible and yet must be managed tightly in case deadlines slip. Professional standing has to be reconciled with managerial authority in a matrix of staff and line functions.

To achieve all this, a highly flexible and egalitarian layout in which all workplaces are similar and interchangeable is a very sensible solution. Office work is one aspect of product development; laboratory work is another. No one can predict precisely what mixture of desk and laboratory work is appropriate for a particular project in its various stages.

The obvious solution, as at Patscentre, is not to separate laboratory and office, but to bring them under the same roof; not only that, but jammed right up against one another, separated only by glass. Some work requires contact, other problems need deep thought and privacy before they can be solved. At the centre, the solution is to provide open plan offices flanked by study rooms, where the door can be shut and peace ensured.

These are obvious examples, just the kind of thing a sensible manager would request and a competent architect would provide. Or so you might think, until you realise just how rare and special Patscentre is—a building in which a consistent

every desk, is constant propaganda, reminding everyone that knowing what is going on is part of the job. There is another message, too, which is quite blatantly expressed by the straightforward, bright, egalitarian interior. It is that everybody matters, and that success depends not upon being in the right room, or upon given rank, or professional standing, but on getting together to do the work successfully.

Because this is a very simple building, some architects would say that it lacks expression. This is not true: many messages are expressed—not the full range of all possible messages, of course—but as many carefully calculated statements as a piece of advertising copy.

It is when the centre's architecture exaggerates a message for its own purposes or understates something important that there is room for criticism. Take exaggeration first: the panels in the outside wall are removable, ostensibly to allow different arrangements depending on need; actually to glorify the abstract notion of demountable, mecano-like buildings. This is a slightly baroque over-elaboration of a good idea that just is not necessary in this particular circumstance.

It is highly unlikely that these panels will ever be demounted except in a major expansion, in which case a traditional construction might be no less flexible.

Inside, understatement presents the opposite problem. Desks and equipment and partitioning are not always up to the obviously heavy demands of cobbling things together; but now become the need: the more clean overall aesthetic is a little too thin and tends to contradict rather than satisfy the requirements of people who are, after all, so much more interesting than the building which houses them.

Looking around the interior after only two years' use, materials seem to be wearing well, but there are subtle adaptations which have taken place despite the building's example is the various Robinson benches and support in the laboratories, which, nothing to the architect, are the paper which has been pasted over internal cladding in one or two places to prevent overlooking.

Buildings exist in use; as architectural beauty, even if they are meaningless. Not only are they functional devices which can be planned well or ineptly, they are also a means of expressing what matters to staff and to the outside world. But most importantly they are in use for very long periods and must be able to adapt and change their tune.

Patscentre was precisely designed in the first place to be open and intelligent; brief is still very young, but every sign of being able to change better than most new buildings with problems—indeed, despite the fact that some aspects of adaptability have been exaggerated while others have been underestimated—such important points as the need for flexible storage and desk space.

It is better to keep on winning than to be a beauty queen just once. Perhaps there should be a Financial Times award for buildings in use.

Confident

Take the message to the outside world, to the visitor arriving at the centre for the first time. A country house would whisper sweet nothings about tradition, or worse about a decline from former glories; Patscentre's precise, inexpensive looking, elegant box poised on the side of a hill says that the outfit that works here is as up-to-date as any in Europe and that it is confident in itself and its values.

Or consider the series of messages which the building puts across to staff. Open planning and well-worked-out adjacencies do not of themselves necessarily achieve better communications. But this building's simple, open interior with laboratories clearly visible from almost

Lickert visit

THE LEVENDARY Professor Rensis Lickert is coming to Britain later this month to talk on managerial styles and leadership behaviour. The professor will be leading the second day of a two-day conference at Cranfield School of Management on improving organisational effectiveness.

He will be talking on, among

other things, whether some management styles are more effective than others and training and development strategies required for more effective management.

Details of the conference will be held on October 12 and 13 (price £195) from the organisers: Charles Margerison, Professor of Management Development at Cranfield, Bedfordshire.

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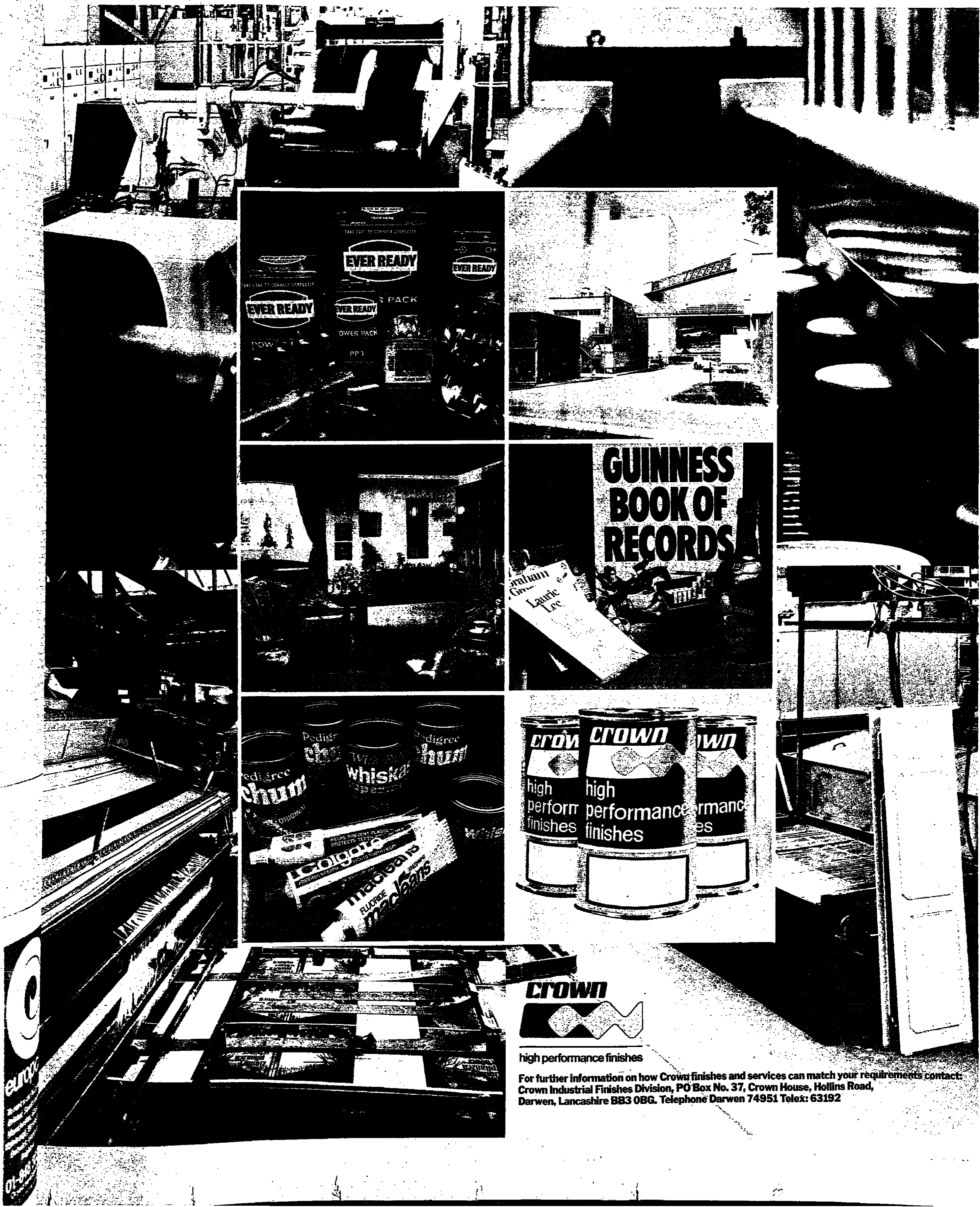
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12
LOMBARD

Unbelievers and enthusiasts

BY PETER RIDDELL in Washington

DURING A WEEK at the International Monetary Fund meeting in Washington it has been hard to find anyone who is enthusiastic about the proposed European Monetary System, and equally hard to find anyone who doubts that a scheme of some kind will come into operation next year. The prevailing mood was best summed up by a central bank governor from a country in the present European joint float, the snake. Looking even more weary than usual, he remarked on his sense of déjà vu about the proposals he had seen it all before in the early 1970s.

The scepticism has led to all kinds of conspiracy theories about the motives of the participants. German bankers are suspected of wanting to fight a system as to be indistinguishable from the present snake—because of the fear of importing inflation—with no real desire for a fully-fledged EMS. At the same time, the sole French concern has been seen to be the desire for at least a temporary period of currency stability next year because of the need to counter domestic inflationary pressures with the required support or the franc coming from Germany. All this has left the UK appearing almost as an injured innocent in a world of Continental Machiavellis.

Commitment

There are, of course, enthusiasts for the proposals—mainly among political leaders rather than officials or bankers. The Franco-German accord cemented at Aachen reflected the strong political commitment of Chancellor Schmidt and President Giscard d'Estaing, which is why the scheme will go ahead. And this view is shared by Mr. Callaghan, even though he has been a follower rather than leader in the discussions. In considering the merits of the idea it would be wrong either to underestimate the political commitment at the top or the special motives of the strongest supporters and the scepticism of their officials.

However, the very limited public debate in Britain about the proposals has already turned into yet another replay of familiar EEC arguments which has masked these distinctions of motive. The problem is that discussions have been undertaken by two overlapping groups: the European specialists, both at Brussels and in the Foreign Office, and the economists, in the Treasury and elsewhere; both these groups have exact and equally distinct counterparts in the Press.

The result is that two different approaches have emerged. The European specialists have argued that what matters is a broad-

brush view—Britain has suffered in the past from missing the European bus and should not be left behind again. Accordingly, the UK should participate from the start in seeking to shape the scheme and should not worry too much about the finer technical points. The other view—that of the economic specialists—is that the whole issue of currency stabilisation should be judged not as a test of European commitment but on whether the scheme will help the UK economy. On this view, the nature of the proposals and the detailed terms do matter.

Britain's chances of influencing the system from the start have not necessarily been helped by its negotiating tactics of concentrating on details. At present, however, the scheme looks like being essentially an agreed snake serving specific French and German interests. For all the talk by European specialists about the scope for a transfer of resources from richer to poorer countries and regions, and the reform of the Common Agricultural Policy, there are scant signs of a serious interest on the Continent in changing these features of the Community.

Indeed, to make a currency stabilisation system work with the present economic divergences in Europe would require a much larger transfer of resources and expenditure within the EEC than is ever realistically likely to be approved by the wealthier nations, in particular the German taxpayer. So occasional devaluations may still appear as a simpler and more efficient means of adjustment between nations. Moreover, a workable system would require a more general co-ordination of economic and monetary policy towards common guidelines than is currently on the agenda.

High parity

It is arguable that Britain should join the EMS in order to work towards the goal that it is an illusion to believe that this is what France and Germany have in mind. Britain may swallow its technical reservations and join the scheme on the grounds that it will allow countries to adjust their parities from time to time to reflect differences in economic performance. There is also the practical problem of whether Britain wishes to peg its rate at the present relatively high level, or whether the pound might be devalued on entry—hardly an attractive option just before an election. In these circumstances and given the motives of the participants, EMS appears to be a great leap forward for the European idea. The real question may be not whether the scheme goes ahead but how long before it collapses.

THE WEEK IN THE COURTS

Law services report spices new year talk

BY JUSTINIAN

THE PERENNIAL speculation about the future of the Law Year of what there is in store for the law has added spice to this year of the impending report of the Royal Commission on Legal Services. But the additional interest of changes attendant upon a general election is absent.

As the legal profession marches in procession today to Westminster Abbey, congregated en masse at the Lord Chancellor's "breakfast" (consisting of a rather indifferent glass of punch) and then moves on to the Law Courts in the Strand, the professional chatter will be unusually subdued.

The postponement of the General Election has stripped the profession of its favourite guessing game about who would be the new Lord Chancellor and who, under a different administration, would fill the prize offices of Lord Chief Justice (were the present incumbent to resign, as has been mooted frequently in recent months) and of Attorney-General and Solicitor-General.

The vacation of two months has produced only one judicial appointment. The High Court judge assigned for the last 12 years to his current post, Mr. Justice Brandon, has earned his promotion to the Court of Appeal. His successor, Mr. Justice Sheen, is a well-known figure in Admiralty cases. That is space diet for the Temple gossipers.

Inquiry

The usual ebullience of the legal profession has been less evident ever since early in 1976 when it learnt to accommodate itself to having the profession put under the microscope of a Royal Commission.

A public inquiry began into whether the profession should remain self-governing, what is the size of the cost of going to law, the division of the profession into barristers and solicitors, the monopoly of conveyancing of house purchases, the system of handling complaints against lawyers, and generally the education and training of lawyers and the quality of legal services. All these huge problems constituted a mammoth inquiry into the fundamental question whether the legal profession provides adequate services to the public.

For two years the Commission has been at work, its members have been deluged by the mass of paper submitted by way of evidence, and it has sat and heard witnesses in the early months of this year. Breathless, the Commissioners have resolved to call a halt on their protracted deliberations and have begun to write their report avoiding the pitfall of a definitive inquiry into every aspect of legal services.

For example, it will sidestep the issue of whether there should be a Ministry of Justice, instead of the existing disparate legal departments in all ministries as well as the Lord Chancellor's department and the Law Officers' department. The chairman has been saying that he wants the report written and signed by Christmas, which should mean publication some time before next Easter.

Clean bill

Now that the report is imminent, the lawyers, as they go about their business on a new year, await with the keenest anticipation their fate. By all accounts they are likely to emerge with a fairly clean bill of health. But even the patient who is told that he is in generally good health likes to know what parts of his anatomy could do with tuning up.

Lawyers have been traditionally the foremost, and almost exclusive, providers of legal services. A change to that dominant role, that makes them a powerful element in society, is taking place.

The Royal Commission will largely determine how far that movement will go in the near future. It will also depend upon the kind of image the profession presented to the Commissioners.

The public has always had a love-hate relationship with its lawyers. On the one hand they are inevitably the target for much of the abuse that comes from the miseries of others, without necessarily prescribing any remedy for their clients' conditions, they do not acquire the position of a healer, that attaches to a doctor of medicine.

Their manner of conducting business often exacerbates conflict for their clients; they employ a technique that is remote from everyday language and be-

haviour; their skills are available only at heavy cost and they are traditionally supporters of the established system. Reform and change are not the hallmark of the lawyer.

On the other hand, they are generally respected as people of high intelligence and of integrity. While in this country they have not attained high public office with the frequency that they have in other Western countries, lawyers have a status in our society not far below that of clergymen and doctors.

Check

Indeed, they are seen as one of the main checks upon the arbitrary power of Government Ministers and civil servants. Whenever there is a ticklish public issue that calls for independent inquiry, the Government and Parliament consistently look to the judiciary and the legal profession to provide the membership of the inquiry body.

Most legal practitioners, whether in public service or in private practice, have devoted most, if not all, of their time to advising and acting for individual clients in traditional ways. They have not spent their time developing the availability and scope of legal advice.

But the last few years have at last awakened the profession to a new role for lawyers in a changing society. The practice of the law may hereafter never be quite the same again.

Formula Three sponsor

FINANCIAL TIMES REPORTER
VANDERVELL PRODUCTS will sponsor the British Formula Three motor racing championship next year.

The series, organised by the British Racing Drivers' Club and the British Automobile Racing Club, will consist of 20 races. It will include the two British rounds of the European Formula Three championship.

Prize money will be £1,000 a round with £2,500 at the British Grand Prix round.

Vandervell has been closely associated with racing since the 1950s, and in 1968 Tony Vandervell won the world Formula One constructors' championship with his Vanwall team. Since then the company has supplied bearings for racing engines, and 220 Grand Prix have been won using Vandervell bearings.

Savings earn more interest

TWO improvements in National Savings terms have been introduced.

Money deposited in National Savings Bank investment accounts now earn interest of 9½ per cent per annum, an increase of 1 per cent. The maximum holding of index-linked National Savings Certificates retirement issue has been raised from £500 to £700.

SCOTTISH

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Monday October 2 1978

The fault is at home

THERE IS something fundamentally wrong with the British Government's approach to the question of car imports from Japan. The original justification for the voluntary restraint agreements limiting the Japanese share of the British market was that they would help the British industry which was supposed to be going through a period of restructuring. As Mr. Edmund Dell, the Trade Secretary, remarked when the present agreement was concluded last March: "I very much hope that British manufacturers, particularly British Leyland, will be able to take advantage of the greater degree of certainty which I believe the Japanese assurances give them." In other words, the British car companies could plan their output in the knowledge that Japanese competition would be limited.

Output down

Six months after the present agreement was reached, it is perfectly clear that the strategy is not working. This is a bono year for car sales in this country. It is quite possible that the all-time record, set in 1973, of sales of 1,600,000 vehicles will be equalled, if not surpassed. Yet the British share of the market has continued steadily to fall. In the first eight months of the year imports accounted for 48.3 per cent of the market. In the corresponding period of 1977 they accounted for 44.50 per cent. In August alone—the month in which the new registration plates are introduced—the import share was nearly 51 per cent against under 50 per cent in August last year.

The message from those figures is quite plain. It is that the British industry cannot take advantage of a buoyant market even when the boom is on its own doorstep and even when the industry is partially protected.

Wage norms and productivity

THE RIGID wage norm which the Prime Minister defended before his National Executive Committee with what will be seen as dogged courage or blind obstinacy, according to taste, is not so much a considered policy as a fairly desperate expedient. There is a danger that this is being forgotten in the struggle to prevent a total collapse of restraint. The drawbacks of the 5 per cent formula for this year therefore deserve discussion. Five per cent is a reasonable starting point if the hope is to secure wider support for a better formula, but it makes poor dogma.

Satisfaction

When the third stage of restraint was launched, more than 18 months ago, Ministers were well aware of the dangers of rigidity: the 10 per cent formula which emerged was admitted as a poor second best, for lack of the co-operation from the TUC which was essential to make flexibility within restraint a practical possibility. It now seems that Ministers may have allowed the apparent success of the 10 per cent policy in reducing inflation while apparently encouraging productivity, to obscure its dangers—just as Treasury satisfaction with the results of threatened official sanctions has led to louder threats this year. If the combination of norm and threat makes everyone think about productivity at a time of rapid potential growth, the results will triumphantly justify the policy; the only official doubts seem to be whether the policy can be made to stick.

A potentially dangerous fault in this reasoning is put forward in the generally encouraging survey of the short-term prospects published by the CBI today. The prospects for growth indeed seem much improved, with both home and export orders recovering; and until very recently member companies were fairly encouraged about the wage prospect, especially since large and genuine gains in productivity seemed achievable. However, as the CBI points out in its commentary, productivity gains could be struck at the expense of the normal revival of recovery of profits—the necessary source of finance for sustained growth.

Wage bargains reflecting a general backing, the present large cyclical rise in productivity should not be sacred.

tected. What is worse, given the most favourable possible conditions, the industry cannot even keep pace. At the very time when the market was further expanding, British output was actually dropping. According to statistics from the Department of Industry, production in the period June to August was down by 13 per cent on the previous three months.

There is no way in which this situation can be fairly blamed on the Japanese—or indeed on any other foreigners. The fact is that British people buy foreign cars because they like them and because they are available. Even when there might be a first disposition to buy British, too often the British model cannot be immediately supplied. As for the Japanese producers, they may have pushed this year's restraint agreement to the limit, but they are right to complain that the principal beneficiaries of the restraint agreements have been not the British car companies, but the Europeans. The Japanese share of the British market in the first eight months of this year was just over 11 per cent; imports from the European Community, however, accounted for 33.5 per cent against 32.3 per cent in the corresponding period of 1977. There seems every reason to believe that if Japanese cars are kept out, more European cars will come in.

Failed

It is therefore disturbing to hear the Government talking not only of new threats to Japan this year, but also of a further and perhaps stricter restraint agreement for 1979. The rationale for the agreement was that the British industry could be nursed back to health during a period of protectionism. It is a cure that has demonstrable failed and it is a strange logic that now prescribes more of the same. That advantage of a buoyant market is the trouble with protectionism of all kinds: it is very difficult to get rid of, even when it is visibly doing no good.

It is also carry two other dangers. First, they may before his National Executive Committee with what will be seen as dogged courage or blind obstinacy, according to taste, is not so much a considered policy as a fairly desperate expedient. There is a danger that this is being forgotten in the struggle to prevent a total collapse of restraint. The drawbacks of the 5 per cent formula for this year therefore deserve discussion. Five per cent is a reasonable starting point if the hope is to secure wider support for a better formula, but it makes poor dogma.

In the long term, this question of differentials is the most worrying. If it can be hoped that freedom from pressing balance of payments constraints will enable growth to be better sustained than for more than a decade past, then these anomalies will become more marked. If in addition growth coupled with competition within the European market encourages some progress towards European efficiency levels—again, a hope which policy-makers must hold dear—then the gaps would become still wider.

Where some sectors of the economy gain efficiency much more rapidly than others, the result quite normally drives up the cost of living. In Japan during its most dynamic period manufacturing output prices were completely stable for a decade. However, service industries had to compete with manufacturers for labour, and could not recoup the cost. As a result the cost of living rose by between 5 and 7 per cent annually.

More flexible

A durable incomes policy must therefore aim to balance the incentives for efficiency against the claims of comparability; and it must also aim to ensure that the returns on capital, which vary strongly with the business cycle, are not unduly cramped. This would suggest a more flexible norm, and a more suspicious eye on productivity deals than are contained in the present policy. The absurd size of the claims lodged against Ford and other employers underline the necessity for some form of restraint, and the likelihood of some sharp clashes. The Prime Minister can therefore appeal to a common sense for support of his general objectives. But though the objectives—stable manufacturing prices—deserve a general backing, the present large cyclical rise in productivity should not be sacred.

Headstart for Japan in trade with China

BY CHARLES SMITH, Far East Editor

JAPANESE INDUSTRIAL PLANT FOR CHINA

EXPORTER	TYPE OF PLANT	VALUE (yen)	STAGE REACHED
Kuroda Chemical Construction with Mitsui and Co.	Natural gas processing equipment	5 bn	Contract November 1977
Kuraray	Synthetic leather plant	7 bn	Contract May 1978 (first under trade pact)
Nihon Kihatsuyu with Marubeni Corp.	Ethylene plant	25 bn	Contract July 1978
Hitachi	Colour TV tube plant	30 bn	Contract July 1978
Toshiba	Integrated circuit assembly plant	10 bn	Contract July 1978
Asahi Glass	Plant to make bulbs for TV tubes	12 bn	Contract July 1978
Taken with Nihon Kihatsuyu	Synthetic alcohol plant	7 bn	Lost to W. Germany, yen revaluation
Mitsubishi Petrochemical with Mitsubishi Corp.	High-pressure polyethylene plant	15 bn	Lost to W. Germany, yen revaluation
Kawasaki Heavy Industries or Ishikawajima H.I. or Mitsubishi H.I.	Cement plant	40 bn	Under tender
Sumitomo Metal	Seamless pipe plant (for Shanghai steel works)	100 bn	Under tender
Nippon Steel (and others)	Shanghai integrated steel plant, 3m tonnes capacity	600 bn	"Final decision" April or May 1979
Nippon Steel (and others)	Repair and extend four steel plants	n.a.	Preliminary enquiry
Toyobo or Kanebo	Two polymerisation plants, 180,000 & 530,000 tons capacity	199 bn	Preliminary enquiry

AFTER 26 years of false starts and disappointed expectations it looks as if 1978 may become the year in which China and Japan laid the foundations for a mutually satisfactory trade relationship. They signed a two-way trade agreement in February which for the first time committed Japan to long-term purchases of Chinese oil. More recently the Japanese Minister of International Trade and Industry, Mr. Toshio Komoto, visited Peking to discuss a possible extension of that agreement.

Optimists in the Japanese business world see the Chinese market as one possible answer to the dilemma of how to expand their international trade in an era of protectionism. But there are doubts about how far Peking wishes to become economically dependent on Tokyo, as indicated in the following series of questions and answers about Chinese-Japanese trade prospects.

How much is Japan-China trade actually likely to grow over the next decade?
 The Japanese themselves claim not to know the answer to this question, in spite of having signed a seemingly water-tight trade agreement with China which calls for a two-way exchange of \$20bn worth of goods over the next eight years. One problem is that the two-way agreement—signed early this year between two committees—lays down precise values and quantities of goods to be exchanged only for the first five years. The amounts of goods to be exchanged in the three years from 1983 to 1985 are to be decided in 1981 at the latest and could take the total amount of trade well above the \$20bn level.

The other problem is that no clear distinction has been established between trade to be conducted under the long-term agreement and "ordinary" Sino-Japanese trade. China can decide whether to classify specific import contracts with Japan as coming within the terms of the agreement. Otherwise they can be classed as "ordinary trade." This means that, while \$20bn worth of trade is certain to be done between China and Japan over the next eight years within the terms of the agreement, an additional unforeseeable quantity of trade will be done outside the agreement. At a rough guess Japanese officials think that two-way trade might double from its 1977 level of \$3.5bn (in both directions together) to reach \$7bn or so by 1980.

Has anything happened since the agreement was signed in February to indicate how China wants to conduct its trade relations with Japan?

A great deal has happened. All pointing to the conclusion that the Chinese leadership for the time being at any rate is anxious to deepen and extend the relationship. China has mined to step up imports notwithstanding.

It will probably solve the problem by building a specialised cracking facility as a "national project" in which government money will be heavily involved. The actual work will be done by the private sector. The plant is likely to have a capacity of 20m tonnes per annum.

Is China insisting on balanced trade with Japan or is it prepared to run a deficit?
 The two-way agreement calls for an equal exchange of \$10bn



Toshio Komoto: visit to Peking

Does Japan really want all this additional Chinese oil? The Japanese oil refining industry definitely does not want it. Chinese oil contains a low proportion of gasoline and kerosene—two of the products in which refiners are interested—and cannot be processed easily at existing Japanese plants.

The Government, partly because of pressure from the steel industry which wants to increase sales to China and sees oil as the best way to balance the trade account, is determined to step up imports notwithstanding.

How will the increase in Japan-China trade affect the overall pattern of Japan's trade?

Two-way trade with China accounted for only 3.5 per cent of total Japanese trade last year and was worth less than trade with Taiwan. There is a long way to go before the China market begins to loom large in the Japanese export picture. According to the Japan External Trade Organisation (JETRO) China could conceivably account for 10 per cent of Japan's total trade by the mid-1980s but this would still be less than half the U.S. share.

What does the prospective boom in Japan-China trade mean for China's other trade partners, notably western Europe?

The Japanese are being coy about this. The official line is that China's new growth-oriented economic policies should provide plenty of opportunities for everyone. In private officials admit that Japan probably has an edge over its European and American rivals. So far no other country has managed to sign a long term trade agreement with China laying down specific quantities of goods to be exchanged. The EEC-China trade agreement signed early this year did no more than establish a general framework for the expansion of trade, and Japanese observers doubt whether the EEC Commission has the power or authority to negotiate a concrete trade agreement on behalf of member countries.

Will the yen revaluation have much effect on Japan's exports to China?
 Japanese exports to China are normally denominated in yen, so that the impact of revaluation will be felt on the Chinese side. Since the yen started rising China has broken off negotiations with Japan on at least one substantial plant contract (for a polyester factory which may now be bought in Germany). However, Japanese plant exporters seem to be getting their yen prices to compensate for revaluation. Japanese steel exports to China will be unaffected by revaluation because they are already being sold at rock bottom prices and because potential competitors—in western Europe—are burdened by high freight rates.

What does the prospective boom in Japan-China trade mean for China's other trade partners, notably western Europe?

The Japanese think China is more committed than at any time in the past to the policy of "using the foreigner" to help develop the economy. This could mean, in time, that the transfers of technology and subcontracting relationships between Chinese and foreign enterprises could become as important, or more important, than sales to China of complete plant.

The reason why China matters as a trading partner for Japan is that it offers a very important market for the products of one or two major industries.

China is the number two market for Japanese steel, after the U.S. (though it buys at prices some 20 per cent below the world level). This year it may sign enough plant contracts to make the difference between a dismal and a highly successful year for the Plant Exporters' Association.

It is Japanese policy to step up plant exports as a substitute for collapsing exports of ships (the same heavy industry combines are often involved in both businesses). Hence the Chinese market for industrial plant matters a lot. Steel exports matter because the industry happens to have an exceptional amount of political influence.

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hall comes down so will neighbouring buildings. The old Vestry, next door, dating from 1852 and listed, has already been leased to the National Bank of Iran, its freshly-painted facade now looking distinctly oriental. Perhaps another Middle Eastern bank can be persuaded to preserve Victorian appearances?

The stuff of fame
 What constitutes fame in 1978? The following conversation I recently overheard in a bar is perhaps enlightening:

"Are you coming to my meeting next week? We've got a famous guest speaker."
 "Oh really? Who?"
 "Margaret Powell!"
 "Margaret Powell?"
 "Yes, you must know her. She's the one who does the Paski chicken stuffing adverts."

A quiet life
 Some 40 companies are interested in buying old Kensington Town Hall and its disposal might not seem a problem. But it is not only a matter of money. Ian Doonan, valuer for Kensington and Chelsea, tells me all he wants is "£5m, and for a quiet life someone who will keep it as it is."

He finds the hall undisturbed but says the quiet life would be disturbed by actually knocking it down: "Ask nine out of 10 people what they want and they would probably say 'keep it'. They are afraid of something worse, but I would have imagined an architect could come up with something better than what is there."

Representing those nine out of 10, Gay Christensen, secretary of the Kensington Society, says that "you could try their place up so much and I am sure we shall never build in stone again." Her worry is that if the

MEN AND MATTERS

Recipe for confusion

There were some flutters of fury last week at the news that the police are putting video cameras in the occasional suspect pub. Add to that the report that there was a bug on the line of the editor of The Economist, Andrew Knight, and some might conclude that the "police state" is advancing fast.

However, a crumb of comfort for this Monday morning. Knight may have written "Would the gentleman from the Russian embassy, the moon or the home office please go away?" But none, it transpires, are guilty. Instead one has to introduce an intriguing "Italian connection."

The connection, James Hazan, suddenly appeared on the scene yesterday, demanding to know what all the fuss was about. The fuss, you may recall, started last Wednesday when Knight's wife, Sabina, was trying to talk on the telephone with Paolo Ribero, an Italian chef. Redialling she was connected to a recording of the conversation she had just made.

Hell hath no fury like a woman bugged. She contacted her husband on a neighbour's telephone to summon up the power of the Press. Knight's description of the incident in Saturday's Economist—together with the dropping of dinner-guest names such as the prime minister, home secretary, Denis Healey and the governor of the Bank of England—fairly stirred the pot.

The Post Office said it was dumfounded and gave Ribero a new phone. The Home Office was likewise thunderstruck. Mark Elwes, director of the Telephone Users' Association, demanded a prior investigation. Citizens shuddered: if Knight was a threat to state security,

then who should escape tapping? But Hazan, also Italian-born, explains that while trying to make a call on his erratic phone he got a crossed line—into the conversation between Mrs. Knight and Ribero. Being a keen cook and hearing them discuss a recipe, he tape-recorded it. The conversation over, he played the recording back. Mrs. Knight's call back to Ribero crossed back on to Hazan's still-open line—and she heard the recording.

All this is technically feasible—and experts could test to prove that Hazan's recording is from an acoustic feed rather than from a direct tap—so there is a possible explanation for the storm in the wiretap. But Hazan, who makes shoes for show buyers, tells me he is unhappy: "Everybody has been jumping up and down because the editor of The Economist is an important man. In two days Mr. Ribero gets a new phone. I—Mr. Nobody Hazan—have been trying for a year to have something done about my phone and nobody listens. Is this fair?"

The Post Office, it seems, is not yet off the hook.

Nosing noise out

Night noise patrols are becoming an increasingly prevalent feature of many London boroughs, yet hardly anyone has noticed. They tend to prow, on the basis that discretion is the better part of control. "We been up-and-milling 'em," we know of five assaults on inspectors in one borough. "I was told by Harlequin council."

Brent says that its problems are similar. "There is an element of presumed danger," says Bob Givett, the council's chief environmental health inspector. He tells me that their scouts mainly go out at weekends and that when they hear the strains of cacophony they again.

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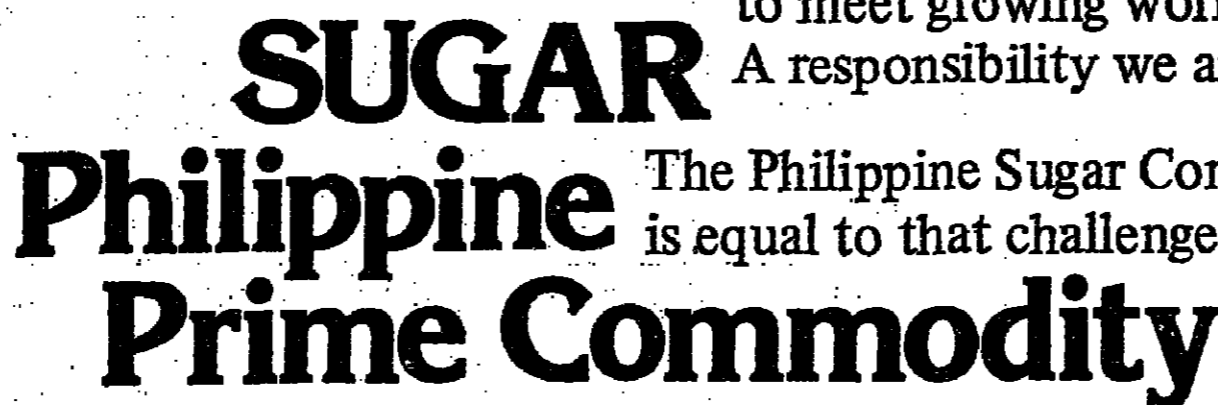
The Philippines

Some errors of judgment

Whether or not Mrs. Marcos is handed the deputy premiership and the succession is still in doubt. The decision is certainly the most important political question immediately facing the Philippines. At the moment the "legal" opposition to the President, Mrs. Marcos, is dispirited and fragmented because they see no chance of challenging him in another election for many years. The appointment of Mrs. Marcos as the President's successor would certainly be an unexpected windfall, possibly paving the way for new political groupings in Philippine life.

The shock of the campaign leading up to the April 7 general election was that it revealed that resentment against President Marcos' regime was deeper than he or his opponents thought. This emerged most clearly in Manila, but it was also evident in many of the provinces, such as Negros Occidental—a sugar growing island now in the grips of economic depression. The support shown for the Opposition Laban (Fight) Party was a personal blow to Mr. Marcos because he is one of those dic-

Beyond this sense of theatre, President Marcos has many other strengths. He attracts



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THE PHILIPPINES II

Experimenting with democracy

PRESIDENT MARCOS made the most of the occasion. When he opened the new Interim National Assembly on June 13—the first elected assembly since martial law was declared in 1972—he described it as making a formal shift from "authoritarianism to liberalism" adding that he was defying the trend of history which claims "the irreversibility of the drift towards authoritarianism and centralism."

In practice, of course, Mr. Marcos has yet to demonstrate how committed a liberal he is. He is having as much difficulty as any dictator in striking the right balance between reforms and preventing a threat to his authority when lifting the lid after a long period of repression. It came as a big shock to him to find during the campaign that led up to the April 7 election for the Assembly that his regime was a lot less popular—certainly in Metro Manila—than he had thought.

He would like to see the Assembly develop into an effective legislative body that would provide the constitutional stability so far lacking in his martial law regime. But he is wary of it getting out of hand.

In retaining virtually all his powers as President and in keeping the Assembly on a tight leash, he is drawing the teeth from any criticism that might emerge. Political life may have begun to stir again in the Philippines, but it is still weak-blinded and lives on sufferance.

The elections were Mr. Marcos' first experiment in democracy since martial law and he thought he had prepared the ground well. He has long been under pressure from the United States to give some popular legitimacy to his martial law regime. He also saw the need himself to take some steps towards reinvigorating the constitution as part of his long promised return to "normalisation." In December last year he called the fifth referendum since seizing power under martial law to ask whether people would be happy to see him become Prime Minister as well as President. An official result of 89



President Marcos and his son Ferdinand Jr. cast their votes in last December's referendum.

per cent in favour boded well for going ahead with a general election.

Two factors interfered with this planning. The first was the decision of his long-standing foe, Senator Benigno Aquino, to offer himself as an opposition candidate for Metro-Manila while still in prison and the decision of President Marcos to allow him. In November Senator Aquino had been condemned to death by a military tribunal on charges of subversion and murder but had been allowed to appeal after an international outcry against the sentence. Appearing on television as head of the opposition Laban (Fight) party he aroused great sympathy by his attack on martial law—the more effective for seemingly being made without been undermined.

The second factor was that the President allowed his wife Imelda to head the Government list of candidates in Metro Manila thus putting his family's reputation on the line in a direct fight with Mr. Aquino

and the Laban party. Several former antagonists of President Marcos—including Mr. Salvador Lopez, the former President of the University of the Philippines and former President of Macapagal—had decided to stay out of the election on the grounds that the results would be rigged. But as it turned out, the Laban candidates in Metro Manila—the only region where there was any real political contest—put up an unexpectedly successful campaign by playing on popular hostility to martial law, corruption, the wealth of the Marcos family (and Mrs. Marcos in particular) and police brutality.

Laban had a brief moment of triumph on the eve of the election when car horns in Manila sounded a noisy protest against President Marcos' regime. The official results, however, gave total victory to the 21 Government New Society candidates in Manila, headed by Mrs. Marcos and a landslide elsewhere. No doubt the New Society movement would have won a majority in a free poll but a blatant was the fraudulent switching of votes that Opposition protests received much support from the Church—and both Vice-President Mondale of the United States and a section of the American Congress told President Marcos that the credibility of the election had been undermined.

Though Mr. Marcos bluffed his way through these protests the strength of the opposition campaign came as a nasty jolt to the army which sharpened its resolve to resist lifting of martial law. Church's freedom of speech which had been removed during the 45 day campaign were reimposed. Over 500 people were arrested following a protest demonstration in Manila at the signing of the results—a deliberate assertion of the iron glove to show that the regime had not lost its nerve though almost all those arrested were subsequently released. Mr. Marcos put off the local elections he had promised—partly for fear of the outcome and partly to stifle the scramble for patronage among his own followers which had occurred in nominations for the New Society ticket and which echoed one of the worst features of pre-martial law politics.

The official purpose of the interim Assembly is to prepare the way for elections to a permanent body, though in his opening speech to it Mr. Marcos said it would be unrealistic to think the Assembly could complete this work "in one or two years." Almost all the 165 elected members to the interim Assembly are members of the New Society movement and the other 25 members have been appointed by President Marcos. As Prime Minister, Mr. Marcos picks his own Cabinet and as President can veto any law.

ad hoc alliance of those who thought it worthwhile challenging Mr. Marcos during the elections and which has disintegrated since.

What does remain to haunt Mr. Marcos is the figure of Senator Aquino, still only 43, and clearly an opponent of stature to him or to his successor. In June it seemed that Mr. Tanada had arranged the release of Mr. Aquino through an amnesty and an agreement that he would immediately go abroad. At the last moment Mr. Marcos backed down from this plan—though he is still clearly under pressure from the United States to release it. The reasons for Mr. Marcos' decision remain unclear but it would seem that the Defence Secretary Mr. Juan Ponce Enrile and some of the military commanders were strongly opposed to Mr. Aquino's release.

The danger in this situation is of increasing polarisation with the opposition making its voice heard either through the foreign press and the U.S. Congress or by joining the New People's Army. Undoubtedly the political debates about the future of the Philippines that should be taking place within the Assembly have increasingly shifted abroad. Thus Mr. Marcos came under intense questioning during his visit to the United States because many of the issues being aired then cannot be aired domestically.

Within the country much of the role of an opposition has been taken up by the radical private voicing their hostility to such a move and their belief that it would undermine national unity by being strongly opposed within the army and the business community. Mrs. Marcos is also far more authoritarian by instinct than her husband and likely to be far less tolerant of criticism from within the Assembly.

The opposition has failed to follow up its success in the election campaign. Of the 21 Laban members who stood in Manila, five have since escaped or gone underground. This reflects both fears of the consequences of standing up to Mr. Marcos' regime and the belief that in the absence of real open debate they can most effectively continue their campaign either from a foreign sanctuary or by joining those preaching violence.

Permitted opposition groups remain fragmented and overshadowed by President Marcos's skill as a politician. There is no real common ground between the members of the old Liberal Party—politicians of a generation ago who did electoral battle with Mr. Marcos in the 1950s—and the young who were drawn into support of the Laban campaign.

Laban really represented an

David Houston

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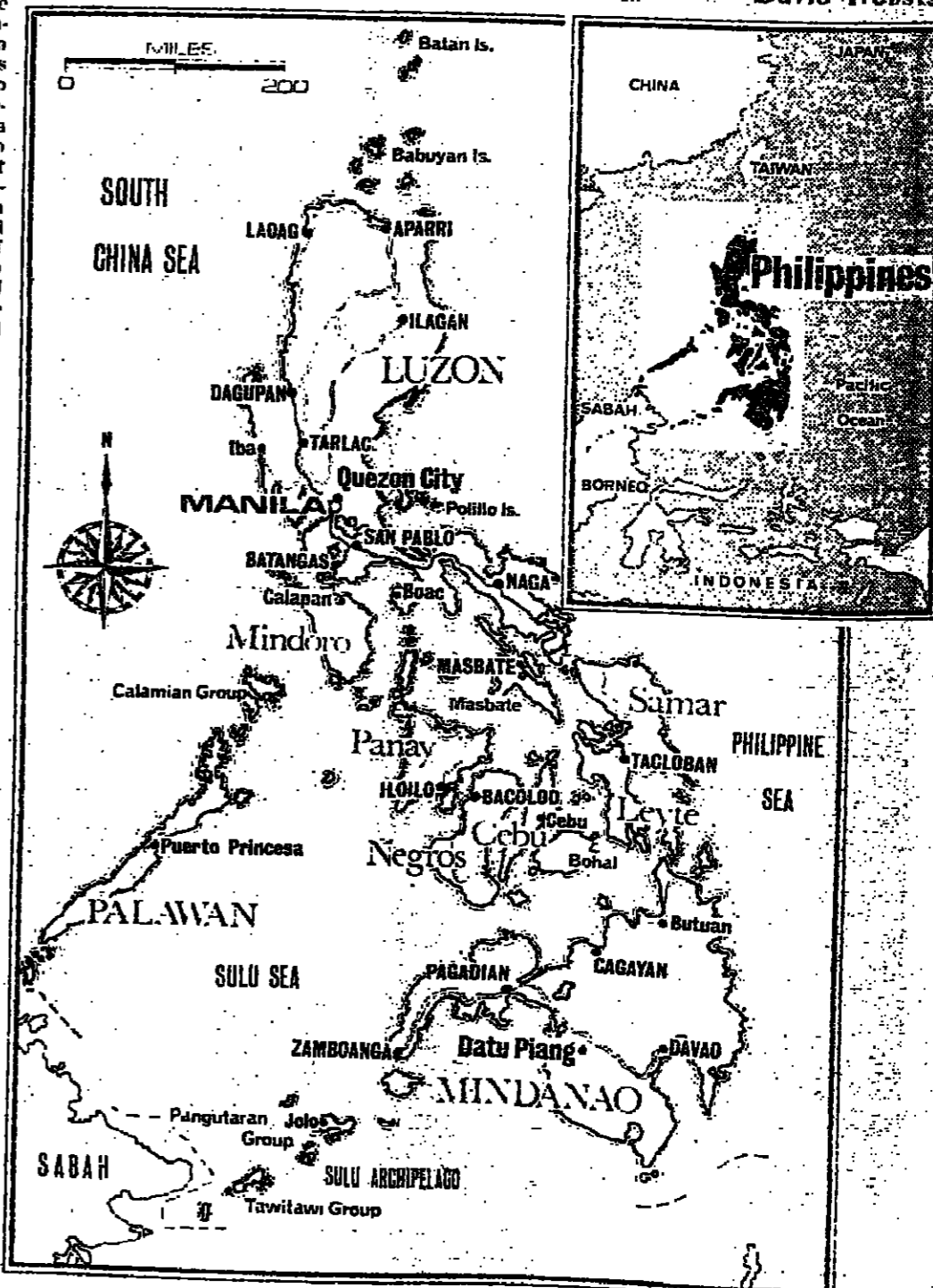
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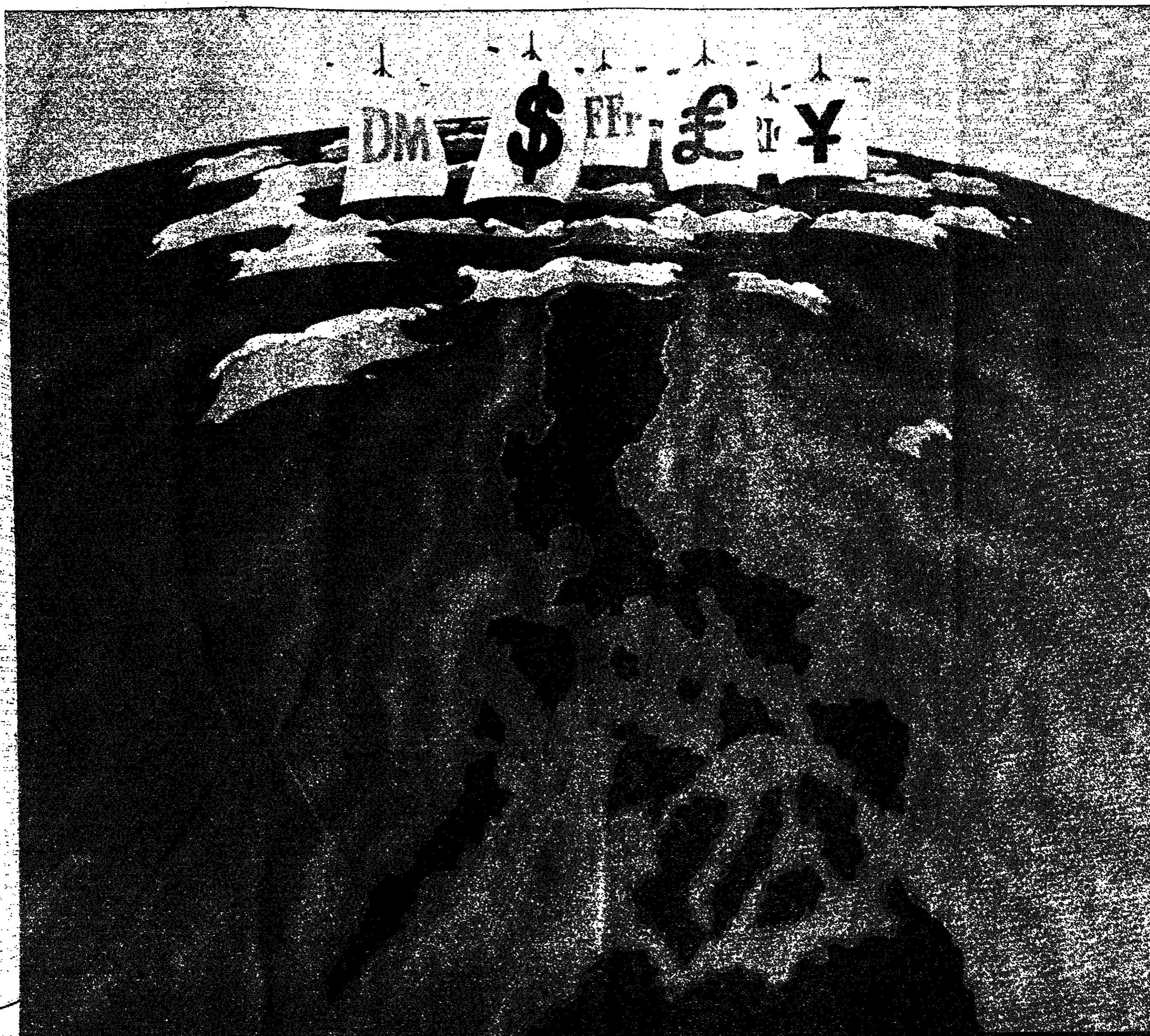
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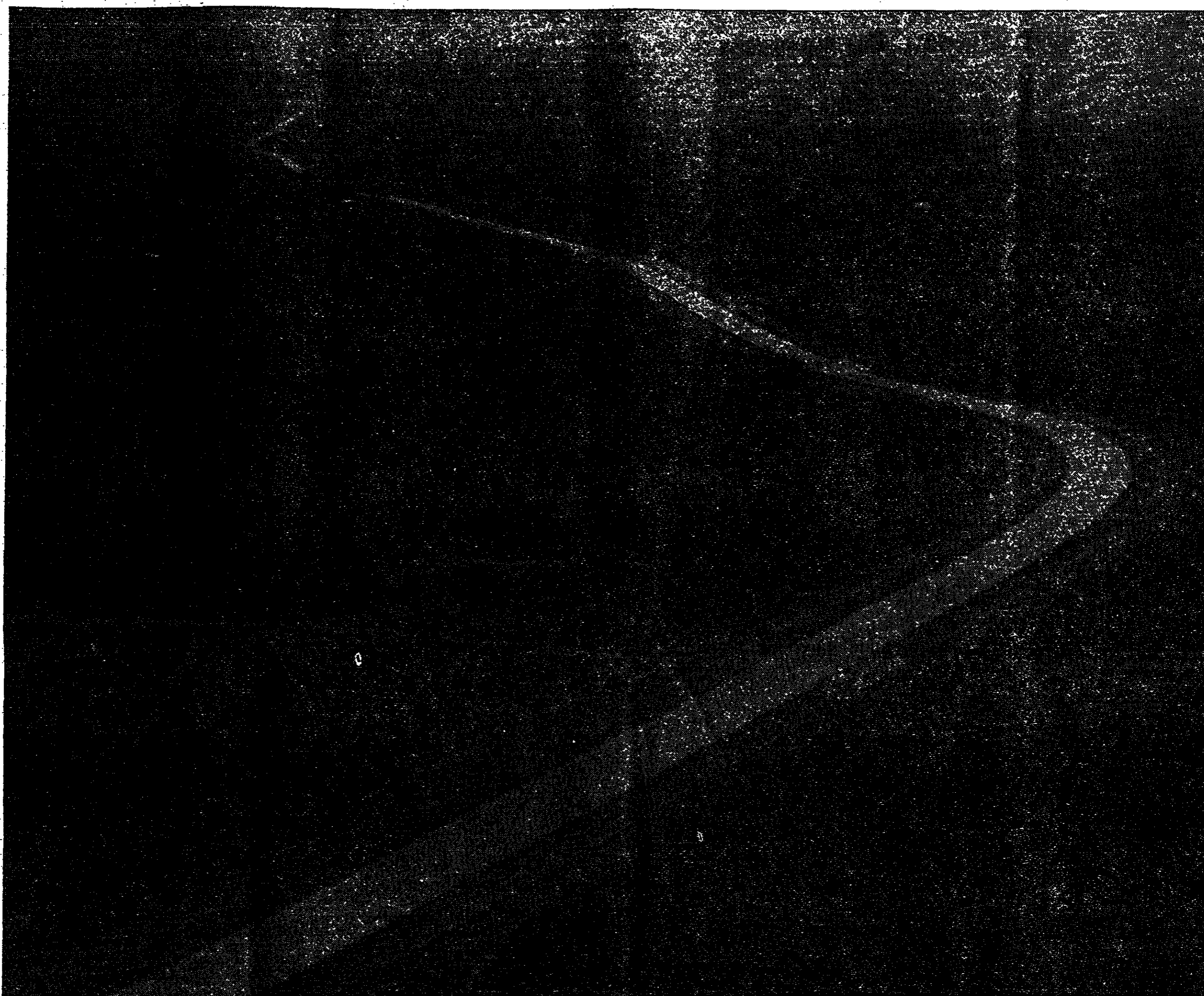
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THE PHILIPPINES VI

Foreign investment moves in again

MANY people in the Philippines are now predicting the development of a minor investment boom following the two year lull since the previous high point in 1974-75. However, unless the position on trade brightens, the boom is likely to be short lived.

From Government sources the following picture emerges. In the first six months of the year the Board of Investment made approvals on projects at a rate almost 60 per cent higher than in the first half of 1977, and the foreign portion of these investments increased by 43 per cent (the lower figure represents acquiescence to the Government policy of raising the domestic stake in enterprises). A more comprehensive indication is registrations with the Securities and Exchange Commission. These recorded a 40 per cent increase over the same period last year, or nearly \$200m.

Another source is central bank figures, which are only available for the first quarter but which also show the foreign component of investment doubling to \$42m. However, the major qualification to these figures is that they have yet to be reflected in substantial spending. Imports of machinery and equipment to replace plant needing modernisation have risen only slightly so far (contributing to the balance of trade deficit as well).

The reasons for the pick-up in

investment—which may only be temporary—include such varying factors as the state of the U.S. economy, with which the Philippines is still closely linked, and the attractiveness of the terms offered by the Philippines Government to foreign investors.

The recession of the past couple of years is explicable by the mirror image of this—continuing uncertainty in the American economy and various measures taken by the Manila Government to alter the terms of foreign investments.

What particularly disturbed foreign investors were laws limiting the accessibility of foreign companies to domestic borrowing in the Philippines, and proposed alterations to laws regarding trade marks and patents. With the passage of time these have been toned down or enforced less strictly than expected.

In the case of patents, President Marcos signed a decree last December which sent a shiver down the spines of foreign businessmen who had become used to the advantageous terms operating in the Philippines. It provided for a ceiling on royalties of 5 per cent, the imposition of Government approval on all voluntary licence contracts and the prohibition of some licence clauses. Further, a provision was included that importing a product does not constitute the working of a patent.

The question of trade marks arose several months later after the elections. With the establishment of the interim National Assembly, a bill was proposed that a special tax should be levied on domestically produced goods with foreign trademarks.

From the Philippine point of view these measures represented nationalist gestures against what is considered undue foreign dominance. Also the country is going through the transition of having successfully attracted a variety of firms as import substitution concerns, and has been worried by protectionist barriers behind which these are still operating—perhaps to the detriment of the growth of the economy as a whole.

The Government is putting much emphasis on non-commodity exports—the types of manufactured goods being produced in Taiwan, Hong Kong, Korea and Japan. The possibility of growth is there, but recently, especially in the case of textiles, traditional markets have been curtailed by quotas.

For what are called "non traditional exports" the Board of Investment gives attractive incentives provided a company can demonstrate that the value added component of Philippine manufacture is at least 50 per cent.

The range of "non traditional goods" represented include watches, car bodies, tennis balls, jeans, handicrafts and children's toys.

For the domestic market there is an ambitious programme of investment in industries like shipbuilding, truck manufacture, engine manufacture and agricultural equipment.

American investors are watching the outcome of negotiations on the bases. If President Marcos is only hoping to win the very best price for the bases, he must also be careful that he does not put off those investors who mistake his concern for the economic prosperity of the Philippines for political instability and a poor place for investment.

Technology Resource Centre (TRC) which is viewed in some quarters with suspicion because of its presumed independence from the mainstream of Government.

Officials say new investment is needed in the public sector and particularly mention the power generating network. The business community seems perhaps over-confident of continuing expansion in general consumer demand as the urban population grows and disposable income increases. The business leader indicated expansively that growth was being planned in pharmaceuticals, food processing, automobiles and communication equipment.

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Simon Henderson

The banking scene

IN NO other sector of the Philippines economy has change been as frequent as in banking. In most cases, it has been brought about by Government regulation. In some, however, it is not exactly in line with what the regulatory authority wants. There is thus a rethinking of some aspects of policy in view of ramifications that go beyond banking and which hinge on racial hostility towards the local Chinese community.

In the past 18 months two almost defunct banks were restored to financial health with Central Bank (CB) assistance, both under new names—as well as new owners and managers practically handed over by the Central Bank. General Bank and Trust Company (Genbank), which was closed after a disastrous "run" in late 1976, reopened in March 1977 as Allied Banking Corporation. By December last it was already making handsome profits.

In September 1977, International Corporate Bank (Interbank) took the place of what used to be the Continental Bank and Trust Company, whose over-exposure in risky non-banking business led to its closure in mid-1974. Like Allied Bank, Interbank, as of December last, was already turning in profits.

Under official pressure to build up capital, minority ownership of Filipinas Manufacturers Bank (Filmanbank) changed hands but the bank retained its corporate name. On the other hand Republic Bank became Republic Planters Bank following a change in majority ownership—likewise under recapitalisation pressure. A substantial equity transfer is scheduled to take place in the largely Church-owned Philippine Trust Company (Philtrust) as a result of a complex mixture of political, Central Bank and commercial pressures.

Withdraw

For reasons partly related to constraints on Filipino participation in the management of Filipino banks, Bank of America decided to withdraw from Insular Bank of Asia and America (IBAA), where it had been a 30 per cent equity partner. This followed earlier withdrawals by Royal Bank of Canada and Grindlays Bank of London from their respective domestic partners, Traders Royal Bank and the former Genbank. Moving against the trend, Bank of Nova Scotia came in as a 30 per cent equity participant in the local Security Bank and Trust Company.

Foreign investment in local banks was allowed during the last three-year compulsory capital build-up programme whose main target was a banking system with dispersed ownership and made up of fewer but bigger banks. Another such programme has been tentatively scheduled to start either late this year or early next, but the Central Bank seems to be having second thoughts about making recapitalisation compulsory after reviewing results

thus far. In the first programme, which was completed in 1976, the two banks which failed to comply with the 100m peso minimum paid-up capital requirement—Filmanbank and the former Republic Bank—were both Filipino-owned. With the exception of Rizal Commercial Banking Corporation, all banks owned by Filipinos of Chinese origin were able to raise capital as required from their own funds.

The growing financial muscle of Chinese-turned-Filipinos became evident elsewhere in the banking system. Ownership of the former Genbank changed hands from the Filipino Yujuico family to a Filipino Chinese group led by Lucio Tan and Willie Co when the bank became Allied Banking. In the case of Interbank the ownership change was from the family of Vic Tan, a Filipino Chinese, to two groups—one Filipino-Chinese led by Dewey Dec and the other Filipino led by Ramon Orosa.

Concern

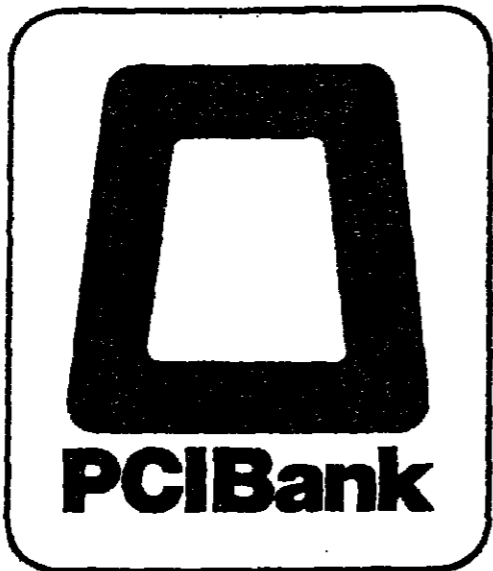
Recently Filipino-Chinese equity—although still a minority holding—in three other Filipino banks: Filman Bank, Manila Banking Corporation and Philippine Banking Corporation. When Bank of America sold its 30 per cent interest in IBAA, the buyer was Filipino-Chinese—Andrew Gutanum.

The current official concern, therefore, is over possible continuing loss of valuable ground by Filipino bankers not so much to their minority American, Canadian or European partners but more to their fellow national bankers of Chinese origin. The fear voiced recently by Central Bank Governor Gregorio Licaros and his senior deputy, Amado Brinas, is that given a situation where indigenous citizens are at a competitive disadvantage when it comes to mobilising fresh funds, any compulsory capital build-up could only lead to more gains by Chinese-origin Filipinos, and to a lesser extent foreigners, at the expense of Filipinos.

As Mr. Licaros put it at a recent Press briefing, CB will have to act on the problem some way or another sooner rather than later. Finance Minister Cesar Virata, who is a member of the Central Bank Monetary Board, told newsmen that as far as he is concerned, naturalised Filipinos "are as Filipino" as natural-born Filipinos.

On the other hand, Mr. Norberto Katigbak, one-time executive vice-president of Filipino Chinese-owned Associated Citizens Bank, wrote in the Manila Times Journal that the combined resources of nine Filipino-Chinese banks represent some forty per cent of total resources of the private domestic commercial banking system, with another forty per cent accounted for by Filipino banks with minority foreign equity, and only twenty per

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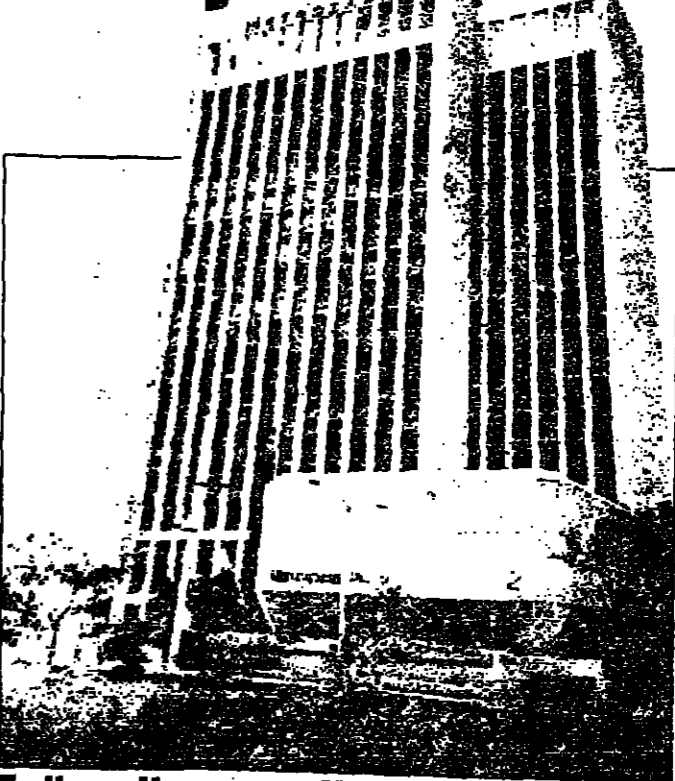
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Stormy relations with the U.S.

THE UNITED STATES has no older ally in South East Asia and close ties with the U.S. are the cornerstone of Philippine foreign policy. But there has rarely been a stormier 12 months in the stormy history of U.S.-Philippines relations.

President Marcos accused the American administration of financing opposition candidates during the April general election; his daughter Imee led a mass demonstration calling for the dismantling of American bases in the Philippines; Vice-President Mondale, making a tour of the region, rebuked President Marcos for violations of human rights by his martial law regime; and the First Lady, Mrs. Imelda Marcos, received at a meeting with a group of Congressmen during her visit to the United States a grilling on her Government's policy and her own personal wealth of the type that a Congressional committee might have meted out to a junior witness.

The sparring has been almost continuous. By no means all of it is serious. But behind the genuine reservations on the American side as to the support the U.S. should be extending to President Marcos' regime, while on the Philippine side lies an equally genuine questioning of the type of relationship the country should have with the United States.

There is little doubt but that President Marcos and his advisers, like his Defence Secretary Enrile Ponce, would like as use a relationship as possible. They have strong personal ties with the United States. The U.S. is the country's major trading partner and the largest foreign investor. The American commitment to the security of the Pacific region—vague as this may be—is seen as important to the stability of the region, particularly since the planned withdrawal of American troops from South Korea. In the Philippines and in the other member states of the Association of South East Asian Nations (ASEAN), the Clark airbase and the Subic Naval Base are seen as underscoring American interests in the area.

President Marcos would like to tie the negotiations over the future of the bases to American support to the Philippines against external aggression and to help in suppressing the secessionist movement of the Moro Liberation Front (MNLF) in the south—unrealistic as these hopes are. In particular, he would like to be assured of a regular supply of military aid to back him in the costly campaign against the MNLF.

But President Marcos is also smarting under what he sees as the indignities of American interference in Philippine internal affairs—the other side of the coin to U.S. reservations about supporting his martial law regime.

Administration arguments that aid bills to the Philippines would be easier to get through Congress if President Marcos could demonstrate proof of his popularity at the polls were a major factor in his decision to hold the April general election. In the event the rigging of the vote swelled the number of hostile voices in Congress and was at the root of the hostile reception given to Mrs. Marcos. The United States abstains in both the World Bank and the Asian Development Bank on all loan proposals to the Philippines because of the human rights issue.

More pressure

The Administration has taken a leading role in campaigning for the release of President Marcos' old opponent Benigno Aquino, who might have defeated him if there had been a Presidential election in 1972 and who has been in prison ever since Mr. Marcos declared martial law that year. It has also, through State Department officials, lectured him on the detention of other political prisoners.

As U.S. pressure has grown, so President Marcos has politically tried to turn it to his advantage by waving the flag of anti-Americanism at home. There is little doubt that, with the United States the former colonial power in the country and possessing still a major influence on the economy, this finds an echo. Imee Marcos' flamboyant march on Clark Base at the head of a large

number of young demonstrators should not be dismissed as entirely orchestrated.

Among the young the bases are to some extent a symbol of continuing American domination—as humiliating as the country's dependence on foreign loans. In the long run the problem may be keeping the lid on this form of anti-Americanism.

At the same time President Marcos has sought to move out from under the American shadow by closer relations with other major powers. Potentially the most important of these is with China. For Peking, the Philippines is probably the South East Asian state with which it feels most at ease. There is not the same massive communal problem of a local overseas Chinese population that there is in Indonesia or Malaysia, and the Philippines has been cautious in its dealings with the Soviet Union. Trade and cultural exchanges have been following in the wake of the establishment of diplomatic relations.

The Chinese are keen that the American bases should remain. The message was conveyed during the visit in March of Vice Premier Li Hsien-hien to Manila and is likely to be repeated during the forthcoming visit of vice premier Teng Hsiao-ping. The Chinese are anxious for Philippine support—as they are for that of other ASEAN countries—in their bitter quarrel with Vietnam.

In the short term the spectacle of Communist rivalry in Indochina—following so closely on the heels of fears among the ASEAN states of the emergence after the collapse of South Vietnam of a unified and arrogant Communist leadership in South East Asia that would undermine their regimes—is a welcome distraction. But more worrying in the long run is the prospect of the instability that could result from jockeying for influence by China, the Soviet Union, Vietnam and a reluctant United States.

Parallel with China's wooing of the Philippines the Vietnamese Premier Pham Van Dong has visited Manila on his recent tour through South East Asia. The Philippines is as distrust-

ful as other ASEAN states of these overtures that mark a sharp reversal of Vietnam's former hostility towards ASEAN. It is one of the states that has been increasingly affected by the growing number of boat refugees from Vietnam. It also has a particular problem with Vietnam in that both lay claim to the Spratly Islands, to which China and Taiwan have also staked ownership. Not only does the prospect of oil in the Spratly's archipelago make this a delicate issue, but the Philippines shares the fears of China that the Russians might try to establish a base on one of them through the intermediary of Vietnam. The Philippines have occupied seven of the Spratly Islands and continue to reinforce the Western base on Palawan island from which they are best placed to patrol the Spratlys. But to avoid the risk of conflict, oil drilling in the area has ceased.

Largely as a gesture of defiance to the United States, President Marcos has recently been outwardly warmer in his relations with the Soviet Union. Mrs. Marcos made an unexpected visit to Moscow in the

summer—nominally to sign a cultural agreement—before going on to the United States. The visit was a subject on which she was questioned by U.S. Congressmen concerned about the American bases in the Philippines and military aid.

Fostering relations with both Communist states and with the west is important to President Marcos in establishing his credentials as a Third World leader and in seeking to join the non-aligned club. Next May the Philippines will host the UNCTAD 5 conference—the major gathering of industrialised and developing countries—which will review progress in the flagging North-South dialogue. But as a candidate for the non-aligned group the Philippines continues to be suspect because of the presence of the American bases.

Though negotiations on the future of the bases is in limbo, there is little doubt that a settlement will emerge. The present lease does not expire until 1991 and the two sides are holding out for the best terms. The size of the bases at Clark and Subic Bay are likely to be reduced and the 16,000

American troops stationed there cut back in numbers. The U.S. has already conceded sovereignty over the base and a formula has been worked out under which they will have a Filipino commander, but U.S. officers will retain charge of the operational facilities.

Token gesture

Still unresolved is the question of jurisdiction over American personnel. More difficult still is President Marcos' desire that payment for the bases should be made in the form of rent—which would not be subject to the annual approval of Congress—rather than in military aid. Congress chopped a token sum off this year's aid bill as a gesture against the Philippines' record on human rights. Dr. Henry Kissinger, the former U.S. Secretary of State offered payment for use of the bases—an offer that was first accepted by Foreign Secretary Carlos Romulo and then rejected by President Marcos for reasons that were never fully clear. As in his domestic policy, Mr.

Marcos' foreign policy runs up against the obstacle of distrust of his word. In August, 1977 at the ASEAN heads of government conference in Kuala Lumpur he made much of his gesture to renounce the longstanding Philippine claim to the east Malaysian state of Sabah. This claim, a continuing source of grievance between the Philippines and Malaysia, is based on documents that purport to show that the Sultan of Sulu (in the southern Philippines) leased Sabah (then North Borneo) but retained sovereignty over it. In renouncing the claim President Marcos' aim was to prevent Moslem sympathisers in Sabah using it as a staging post for supplies to the MNLF. But though Malaysia has shown willingness to prevent Sabah being used to support the MNLF revolt, President Marcos has not yet gone through the constitutional formalities of renouncing the Philippine claim.

His word is equally distrusted in the Arab world. At one time it looked as though the Islamic conference—and Libya in particular, which had been

aiding the Moslem rebels in the south—might mediate in the war with the MNLF. But these efforts have been abandoned with the breakdown in the ceasefire and the apparent unwillingness of President Marcos to stand by the spirit of promises he had given. But from the point of view of the Philippines the danger of an Arab oil embargo on the country in support of the MNLF now seems to have been removed.

This suspicion over his good faith has also made it difficult for him to take the lead among the ASEAN states. Certainly he is one of the most forceful of the regional heads of government and potentially the most acceptable within such a diverse group of nations. He has pushed hardest for ASEAN to achieve closer economic union, rightly seeing that this could be of immense benefit to Philippine industry, which needs larger markets. But that sense of theatre which is at least understood in the Philippines is treated among his ASEAN partners as demonstrating a waywardness that works against common goals of unity.

D.H.

Banking

CONTINUED FROM PREVIOUS PAGE

cent by Filipino Banks without such equity.

He suggested a policy bias in favour of indigenous Filipinos. Otherwise, Mr. Katigbak warned, Filipinos will be "second class citizens" to Filipino Chinese when it comes to availability of credit from the banking system. He claimed that this situation already exists in the retail trade sector which is open to all Filipino nationals of whatever ancestry.

In January this year further interest rate revisions were made, this time with a view to reducing the cost of borrowings. The Central Bank declared basic loan interest ceilings as effective rather than nominal rates, thereby limiting the room for manoeuvre on mark-ups and other non-interest charges by lenders on borrowers. The maximum yields on deposit sub-

stitutes or moneymart debt instruments were likewise declared as effective rather than nominal. Moreover, the yields were reduced.

Principally as a result of these moves, the commercial banking system generated additional deposits of 8,390bn pesos in the period between end-June this year and end-June last year, boosting total deposits to 38,250bn pesos as of last June 30. With a bigger deposit base, commercial banks increased their loans to 47,754bn pesos from 39,101bn during the period, and their investments to 12,906bn from 8,836bn. Their assets expanded by 15,211bn pesos to 77,943bn.

The commercial banks built up their capital accounts too, partly in anticipation of a compulsory recapitalisation programme which would tenta-

tively raise minimum paid-up capital for each bank from 100m pesos to between 300m and 250m over a three-year period. As of end-June this year capital accounts of the 26 private domestic banks amounted to 4,675bn pesos, of the four foreign bank branches to 368.7m pesos, of the two Government banks to 1,983bn.

Another reason why commercial banks are recapitalising voluntarily is the expansion of the offshore banking system. The first of 16 offshore banking units (OBUs) licensed by the Central Bank to do business here opened in July last year. This was the OBU of Lloyds Bank International of London. By June this year similar units of the following foreign banks were also in operation: American Express International Banking Corporation, Bank of Cali-

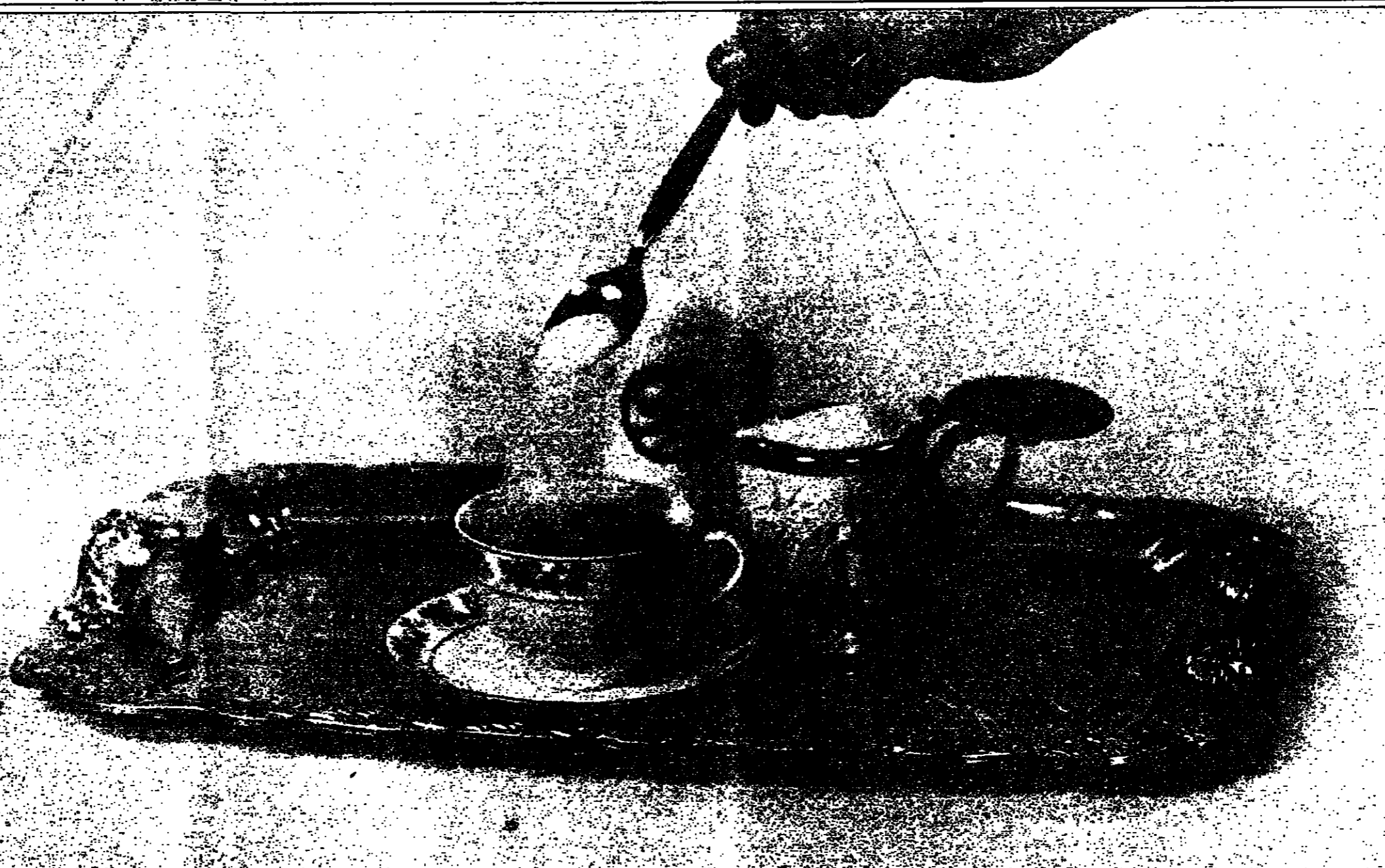
fornia, Bank of Nova Scotia, Bank of Tokyo, Banque de l'Indochine et Suez, Banque Nationale de Paris, Barclays Bank, Chase Manhattan Bank, Crocker National Bank, European Asian Bank, International Bank of Singapore, Manufacturers Hanover Trust Company, Pacific National Bank, Security Pacific National Bank and United California Bank. Two more foreign banks have since been allowed to set up OBUs here. They are Bank Sadarat of Iran and Chemical Bank of New York.

As of September 8 last, combined assets of offshore banking units amounted to \$1,198bn. With such a base OBUs have been active in offshore-to-offshore and offshore-to-onshore lending operations, particularly the latter. This means that they are taking away a portion of what used to be the exclusive

market of onshore commercial banks, domestic and foreign. The only way the latter can offset this is to go into foreign currency transactions themselves through expanded foreign deposit units (FCDUs).

Only resident banks with paid-up capital exceeding Pesos 150m can operate such units. Smaller resident banks have to content themselves with limited FCDUs. As of September 8 last banks with expanded foreign currency deposit units had combined assets of \$1,308bn, whereas those with limited FCDUs had combined assets of only \$275.14m. As the Bankers Association of the Philippines puts it, recapitalisation for banks will come naturally.

Leo Gonzaga



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THE PHILIPPINES VIII

Trade structure lacks balance

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THE TRADE of the Philippines continues to be dominated by too few commodities and concentrated on too few countries. The sea-saw history of the trade account reflects this vulnerability.

In the early 1970s exports and imports expanded slowly but roughly in tandem. This pattern received a sharp jolt from the increase in oil prices, which resulted in both a dramatic rise in the size of the import bill and of the share of oil within it. Payments for fuel amounted to nearly \$1bn last year or roughly a quarter of total imports of \$3.9bn.

The size of this burden on the balance of payments has cramped the growth of other imports—most significantly of raw materials for industry and of capital goods—over the past three years. The 98 per cent rise in the dollar value of the import bill in 1974 was followed by an increase of 10 per cent in 1975, 5 per cent in 1976 and 7.7 per cent last year. This represents virtually no growth or even a decline in real terms. Import payments rose 21 per cent in the first seven months of this year, however, to \$2.3bn, reflecting the government's determination to boost investment.

Although the start up of offshore oil production next year—which is hoped will build up to 20 per cent of domestic requirements by 1980—will diminish oil imports, the effect on the balance of payments for some years will be small. The companies have secured fast cost recovery terms.

Cushioned

On the exports side five products—sugar, coconut oil, copper, logs and copra—account for over half of Philippine earnings. With the surge in commodity prices in 1974, these products cushioned the Philippines against the rise in the oil bill. Their share of total export receipts climbed to 69 per cent. But the tailing off of the commodity boom and the slump in sugar and copper prices, in particular, has been the main factor behind the widening of the trade deficit. The five products still accounted for 51 per cent of export receipts last year.

Largely as a result of this dominance the terms of trade have shifted by about 30 per cent against the Philippines since 1972—although there are some signs that this trend is now being arrested.

In 1977 a 20 per cent increase in the volume of sales—largely the result of offloading the

country's massive sugar stockpile before quota restrictions on exports came into force under the International Sugar Agreement—was the main factor behind a 22 per cent increase in the dollar value of exports to \$3.1bn. This growth meant that the trade deficit was clipped back from just over \$1bn in 1976 to \$744m last year. With both the volume and price of sugar sales still flagging, the prospect this year is of the trade deficit again climbing to over \$1bn.

In the first seven months the deficit had already reached \$733m. Among traditional export products it has been buoyant demand for coconut minerals that have helped offset the slump in receipts for sugar. But the total dollar value of exports over the seven months has scarcely risen above the level for the same period last year.

Since the early 1970s the Philippines has been putting a great deal of effort into diminishing its vulnerability by trying to expand non-traditional exports—generally defined as products whose export value did not exceed \$5m in 1968. From a low base non-traditional items have expanded in value at an impressive annual rate of 33 per cent from 1970-77 (as compared with 15 per cent for total exports) to about \$550m last year—equivalent to 30 per cent of total export receipts.

The impetus for this growth has come from manufactured goods, nickel and bananas (both now running into marketing problems) and other agricultural products and processed food. But it is an impetus increasingly difficult to sustain.

Among exports of manufacturing goods, there is the same concentration on a limited range of products that is visible among traditional exports.

In 1977 garments, electrical and electronics equipment, and handicrafts together accounted for 67 per cent of exports of non-traditional manufactured goods recording sales of \$246m, \$116m and \$75m respectively. Over half of garments exports and about 90 per cent of electronics exports are on a concession basis—basically multinationals from the U.S. and Japan importing semi-processed goods to be finished in the Philippines for onward shipment to their own markets. The gains to the balance of payments are thus nothing like as great as the gross export figures suggest. Sales are also dependent on the year by year marketing strength of the companies involved.

There are promising signs that the local textile industry is attempting to increase the domestic value added through export products. Improvements in the quality of Philippine cloth and diversifying its markets are being pursued. About 60 per cent of garments exports currently go to the U.S. Although the new textile quota arrangements with the U.S. are more favourable than many in the Philippines had initially expected, there is little doubt that with tighter quotas in force in the EEC as well there will be a sharp drop in future in the annual 31 per cent rate of growth in garments exports that the Philippines has experienced since 1970.

At the same time handicraft sales are less buoyant and the threat of protectionist restrictions inevitably hangs over the electronics industry. Officials, however, are still bullish about a rapid expansion of non-traditional exports. They see encouraging growth prospects in exports of gifts and household items, toys, furniture, processed food and sporting equipment. There is clearly the hope that Japan, Taiwan and Korea will further shed some of their labour-intensive industries and that these will fall to the Philippines. These expectations seem in part to be borne out by a sharp revival in registrations of new foreign investments.

Wishful

Nonetheless in present international trading conditions the Government's target of an annual 27 per cent growth in the non-traditional export sector up to 1987 is wishful thinking and as unrealistic as its overall targets of an 18 per cent growth in exports. It will certainly have to accommodate itself to a rate of growth in exports below the annual 15 per cent of the 1970-77 period.

More to the point is the risk that any prolonging of the present slow expansion of exports could result in further restrictions on imports. The strong growth of imports in the first half largely seems to have taken place in raw materials—suggesting a build-up of inventories—and in capital equipment, particularly for power generation and the oil industry. The breakdown of import figures as published by the Central Bank are not sufficiently detailed to provide any real clue as to where reductions might be made without seriously impairing the growth of the economy and of employment. But one category that

would be vulnerable to restrictions would undoubtedly be CKD parts for the car industry. The attempt to diversify export products is being matched by similar efforts to diversify markets and suppliers. The most striking change in the direction of trade last year was the 14 per cent growth with the EEC to \$1bn, meaning that the EEC now accounts for 15 per cent of Philippine trade. Of EEC states, Britain was the largest exporter through sales of electric machinery, appliances and transport equipment. The UK was followed by Germany, France and the Netherlands.

Among EEC states, the Dutch were the largest buyers from the Philippines and the country's main outlet for copra. But as the result of both geographic and historic links the United States and Japan continue to be the Philippines' dominant trading partners, accounting for 27 per cent and 24 per cent of total trade, respectively. The U.S. purchased 35 per cent of the country's exports, being above all the principal buyers of sugar, coconut oil, nickel and garments.

Imports from Japan slipped by 0.1 per cent last year, but Japan remains the country's principal supplier, accounting for 25 per cent of the market. Above all it is the leading supplier in chemical goods, engineering equipment, steel and transport equipment. It has yet to be seen what impact the appreciation of the yen will have.

Against the background of an unpromising growth in world trade, there are many businessmen and officials in the Philippines who press the need for exploiting opportunities in intra-regional trade—particularly with neighbouring ASEAN countries. Currently trade with ASEAN members accounts for only 3.4 per cent of Philippines trade—and this includes imports of oil from Indonesia. Mr. David Sissip, President of the Rizal Banking Corporation, powerfully argues the case for joint sharing of mini-industrial ventures and for some co-ordination of investment in the region. The Government and the private sector in the Philippines are in principle agreed. But so far there has been little action apart from the lowering of tariffs among ASEAN members on over 700 goods—a gesture that sounds impressive but whose impact is actually small.

D.H.

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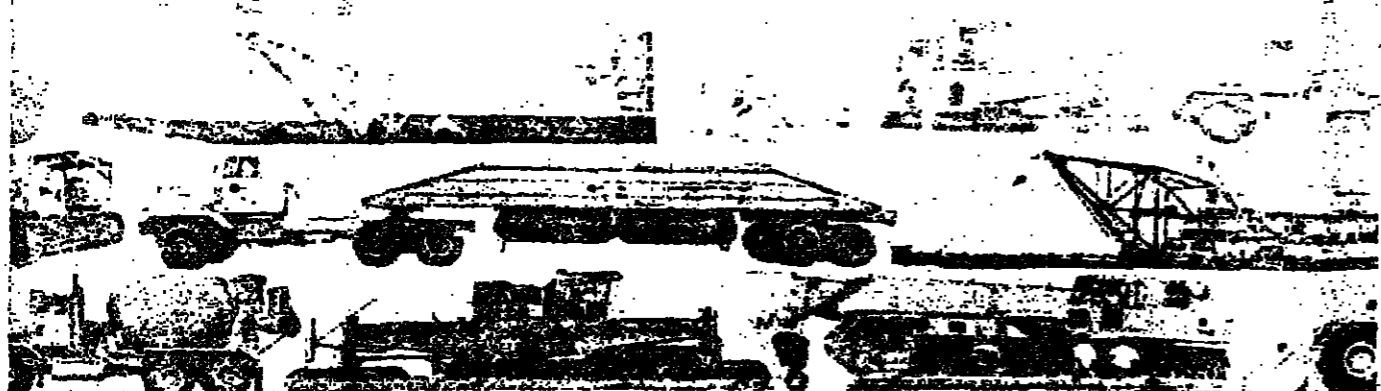
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Campaign to save on energy imports

REDUCING THE Philippines' dependence on foreign oil supplies has become a major plank of economic policy. Around 95 per cent of the country's energy requirements have to be imported at a cost of about \$1m a year. But an ambitious scheme of energy substitution initiated after the oil price rises in 1973 is now well under way and officials speak of being able to meet half the country's energy requirements from domestic resources by 1987.

The best known and publicised of these resources are the oil finds off the south-western island of Palawan, which are due to come on stream next year and, it is hoped, will meet 15 per cent of the nation's future oil requirements, or up to 40,000 barrels a day. But Energy Minister Gerónimo Velasco optimistically estimates that these and similar wells will one day meet 30 per cent of demand. He is also looking to the development of coal, nuclear energy, geothermal and hydro-electric power.

The Minister does not appear to include in his calculations any oil that might lie below the disputed Spratly Islands. He contests the disputed nature of any oil there by arguing that the Philippine Spratlys \$177m on oil. But the output of only 180 miles offshore (and thereby inside the 200-mile territorial limit which has yet to be approved internationally).

For the moment a lot depends on the successful exploitation of the so-called Nido One and South Nido One closer to land. Five wells are to be established in the area off Palawan and a delegation is just about to go to Singapore for the inauguration of the first drilling rig.

Minister Velasco seems less than concerned that the two oil finds date back in March 1976 and July 1977 respectively, with plenty of drilling but little oil found so far. Instead he emphasises the development priority rather than exploration at the moment and points out that the world average ratio for dry wells to proven wells is 35:1.

As yet gas has not been reported in commercial quantities so coal exploitation is the second priority—but very much less so. Between 1973 and 1977 only \$13.7m was spent on coal exploration, development and production as compared with that the Philippine Spratlys \$177m on oil. But the output of over 250,000 tonnes a year is a six-fold increase on the 1973 figure. One advantage of this mineral resource is that verified deposits are said to be well distributed among the islands. One of the basic problems of serving the thousands of the islands that make up the Philippines is supply.

The geothermal power of the Philippines arises from their volcanic origin and can be tapped in the same way as is

already done in the U.S. and New Zealand. Minister Velasco says that by 1983 his country will be second only to the U.S. in this form of power generation. A figure of about 2,000 MW is mentioned.

In the six-year period up to last year more than 50 wells had been drilled for this sort of energy and there are now five areas under development. Two are coming into operation, including one serving part of metropolitan Manila.

Essentially the process involves finding a source of dry steam and installing a turbine above it. Each hole appears to have a life limited to a few years, after which a new hole has to be drilled to tap the resources of the same field.

It is a comparatively unknown area of scientific investigation, so questions of exactly how long the energy resource may last meet with vague answers. The Ministry of Energy says it is opening up the geothermal areas to the private sector under the same sort of service contract system instituted by President Marcos for oil exploration.

One of the most controversial sides of energy exploration has been nuclear power because of concern at the high price of contracts awarded by the American Westinghouse group to local concerns.

The first nuclear plant at Morong on the Bataan peninsula across the bay from Manila is due for completion by 1982, to produce 620 MW. But it seems likely that instead of being the first of several, for at least a decade it will be the Philippines' only nuclear power plant.

Costs have risen and there are also worries to be heard abroad like the giant ipilipil for con-

CONTINUED ON NEXT PAGE

Rebels still active on two fronts

ALMOST TWO years after the signing of a ceasefire agreement, the two dissident movements in the southern Philippines, where no end is in sight to the festering 10-year-old Moslem rebellion or self-rule, despite efforts by Indonesia and Malaysia to get the two sides back to the negotiating table.

The problem—the most serious armed threat to the martial law regime of President Marcos—is compounded by the fact that the armed forces also have to fight off Communist guerrillas on another front.

Mr. Marcos has claimed that the Moro National Liberation Front (MNLF) in the southern Philippines and the New People's Army (NPA), military arm of the Maoist Communist Party of the Philippines, have joined forces, citing as proof documents allegedly captured from Communist cadres, who are known to favour an arrangement.

Field commanders in Mindanao, however, do not agree, and say that the oil and water, Communism and Islam do not mix.

Defence Minister Juan Ponce Enrile recently estimated the communist strength at about 90,000, with a mass base of 200,000, and placed the number of active Moslem rebels at

20,000, including 13,000 armed regulars. The figures indicate the two dissident movements are much stronger than had been previously officially acknowledged.

A solution to both problems depends to a large extent on the amount of funds available to Mr. Marcos' Government without further depleting the country's economic position. Some observers think that Mr. Marcos has tied the insurgents to the negotiations with the United States on new economic and military treaties, in which one of the central issues is the amount of rental or military and economic aid Washington has to pay for its two military bases.

Reason

The Communist insurgency is decades old and was a major reason cited by Mr. Marcos in his martial law proclamation in September, 1972. After being crushed in the 1950s, when they were at Manila's doorstep, the movement was reorganised in 1968 by political science professor Jose Maria Sison, and the party's old Soviet line was forsaken in favour of Maoism. From Central Luzon, the traditional hotbed of Com-

munist activity, the revitalised party spread northward to the Cagayan-Isabela region, then southward to several provinces in the Visayas Islands and the Central Philippines and eventually further south to portions of Mindanao, including the Zamboanga Peninsula, where the MNLF is active.

The Government had always maintained that the party drew financial and arms support from China. But it is also known to have received handouts from politicians during election campaigns before 1972, apart from deriving steady income from a lucrative black market in goods from the two giant U.S. bases in Central Luzon and other ancillary services such as night clubs and prostitution.

While earlier this year the Government claimed to have dismantled the entire party apparatus with the death or capture of most of its central committee members, including chief ideologue Sison and NPA commander Bernabe Buscayno, Mr. Enrile said recently that the party has been "relatively successful" in its "expansional and organizational drives." Where earlier Defence Ministry spokesmen said the communist strength was no more than 2,000, Mr. Enrile's figure of 90,000 men and a mass base of 200,000 are slightly lower than the Government's figures of 10,000 armed men and a 100,000-strong mass base at the time of the martial law crackdown.

Most of the recent clashes between Government forces and the NPA have been centered in the Northern Luzon area, occasionally in Samar and Panay Islands in the Visayas, and in Davao and Zamboanga in Mindanao, where many of its leaders are reportedly women.

Mr. Enrile has, however, added a new twist to the communist movement. In June, he spoke of military intelligence uncovering what had been until then an unheard of "United Filipino Democratic Socialist Party." Although he did not say how strong it was, Mr. Enrile said the group, distinct from the Communist Party, had its own "National Liberation

Army" and aimed at establishing a "democratic socialist republic" through armed struggle. "If not handled early enough, it will create a more dangerous situation," he said. Nothing has been heard of it since, however.

Since the breakdown of the ceasefire in Mindanao after the massacre of an army general and 34 of his officers and men during a peace meeting on the Moslem rebel island stronghold of Jolo last October, hundreds of people have been killed either in terror attacks attributed by the authorities to the rebels or in massive "police operations" backed by aerial and naval bombing to clear known rebel strongpoints.

Since its outbreak a month after Mr. Marcos proclaimed martial law, the southern war claimed up to the time of the truce the lives of between 30,000 and 50,000 civilians by Mr. Marcos' own estimate, not counting 20,000 combatants estimated killed and at least 1m people displaced. Defence officials are secretive on the number of people killed during the past year, but a field commander in Jolo said that in the four months immediately following the October massacre, at least 236 Government soldiers and more than 800 rebels were killed on the island alone. More than 100 people, many of them civilians, were killed in a new flareup of rebel activity in the south during a two-week period last month.

Warned

Although Mr. Marcos himself had said, when he opened the interim National Assembly in June, that the MNLF revolt had been beaten, he warned last month that unless the peace and order situation in Mindanao was checked immediately through "aggressive police action," there would be a "weakening in the civilian communities—that will allow the rebel forces to grow and gather strength."

Prospects of the Government and the Moro Front returning to the conference table after the collapse in April last year of



Students, clergy and workers march through the streets of Manila in April to protest against the Government's handling of the national elections. Opposition leaders and marchers were arrested.

peace talks mediated by the Islamic conference are dim. Apparently disturbed by the possible implications of the continued fighting in Mindanao on their own security, as well as that of the Association of South East Asian Nations (ASEAN), Indonesia and Malaysia called on the Philippines Government and the MNLF in May to resume the peace talks.

Mr. Marcos' reaction was not one to invite cheer. While saying he was gratified by the position taken by Indonesian President Suharto and Malaysian Premier Hussein Onn in their annual summit meeting, Mr. Marcos said new difficulties had arisen. The Philippines Government, which claims the MNLF has been fragmented into small outlaw bands by an alleged power struggle within its ranks, apparently no longer recognises the leadership of

Libyan-based MNLF chairman, Nur Misuari, and says it will only negotiate with leaders capable of enforcing any agreement that may be worked out. The peace talks broke down over MNLF demands for autonomy in 13 southern provinces, where the 2-4m Moslem population of this predominantly Christian nation of over 44m are concentrated. Philippines negotiators rejected the demands as virtually amounting to secession, and both sides drifted further from a settlement when Mr. Marcos went ahead with a referendum in the 13 provinces over objections from the MNLF and its Islamic supporters on the way the questions were framed and on the manner the referendum was held.

In a speech marking the sixth anniversary of martial law last month, Mr. Marcos said it was now time to hold local elections in the 13 provinces according

to the results of the referendum, in which the people rejected the MNLF leadership and voted for the Government's proposals for a limited form of autonomy. Mr. Marcos did not give any indication as to when the elections will be held, but they are almost certain to spark an escalation of rebel activity. Defence Ministry sources say that intelligence reports show that the MNLF continues to train guerrillas in the East Malaysian state of Sabah, which the Government had said in the past was used by the rebels as a transit point for the smuggling in of Libyan-supplied arms. "This does not mean that the Sabah Government is behind it or knows about it," the sources said, adding that there were also indications that the rebels continue to receive foreign financial support, although "it is much less than it used to be."

known to be a staunch supporter of the MNLF.

Meanwhile, a group of Moslem and Christian leaders and scholars put out after a recent conference a paper stating that Government claims of development in the south were "misleading or simply untrue," and that reconciliation efforts were being set back by continuing abuses on both sides.

The statement said that, despite much publicity about the Government spending millions of dollars on the region's rehabilitation and development, what this actually amounted to was only "electrification here, a cemented road there, an irrigation project over there," and that most of the development programmes were "promissory notes on the future."

J. M. M. Suarez

Energy

CONTINUED FROM PREVIOUS PAGE

sion into solid, liquid or gaseous fuels. The extent of the current effort of the Philippines to change the nature of its energy policy to its advantage is impressive, but because of the high energy demand its oil imports will increase even if its ratio to total demand decreases. This means therefore that an oil price increase would have a debilitating effect on pure status terms the current efforts have meant the Philippines National

Oil Company has leapt from nowhere into position 264 of Fortune Magazine's yearly list of the top 500 corporations outside the U.S. There have been doubts about the willingness of foreign exploration companies to sink money into Philippine contract areas. It now seems as if, just as with the initial finding of oil a year to 18 months ago, this part of the economy is in need of another major find to boost morale.

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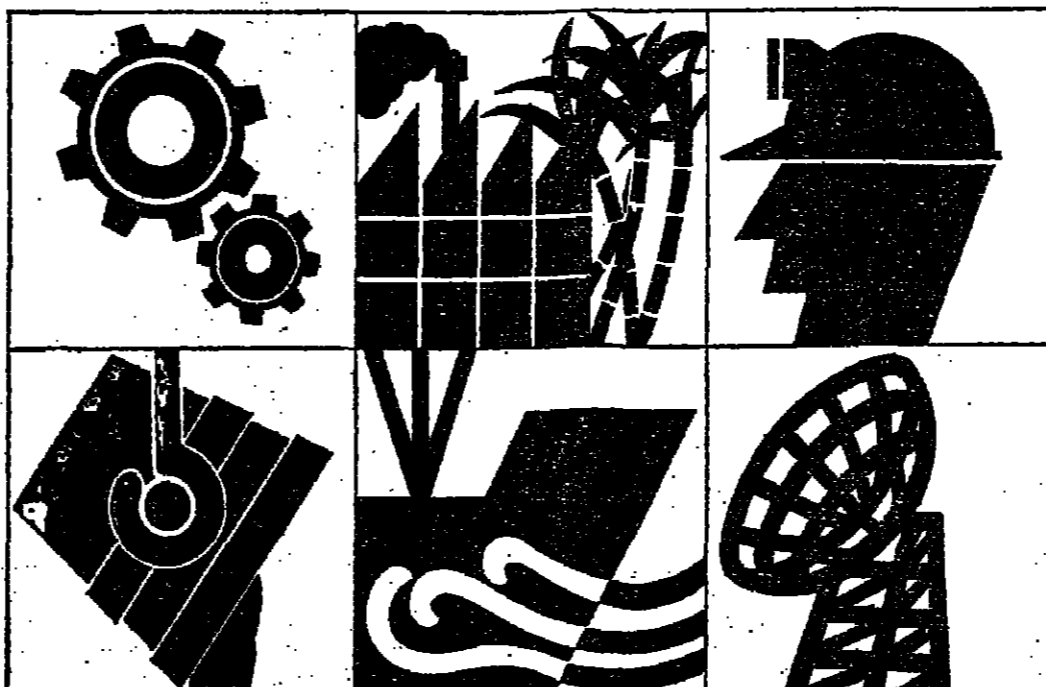
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THE PHILIPPINES X



Drawing water in a Philippines village.

Bigger crops but prices erratic

AGRICULTURE IN the Philippines seems likely to show an increase in production again this year, which will mean record overall growth for the third year running. Last year the increase was 6.1 per cent. The value of the commercial crops on the other hand—especially sugar and tobacco—is likely to show a continuing fall, although this will be offset by good prices for coconuts in which the Philippines is the world leader.

The main bright spot is the continuing surplus of rice and the self-sufficiency in corn for human consumption. However, success is as much due to lack of typhoons and improvements in irrigation as to any Government programme. Corn for animal feed still has to be imported. The term "surplus" for rice is also still largely semantic as it only amounted to a few hundred thousand tonnes and sales to other ASEAN countries were at less than market price. Nonetheless the performance is well beyond what would have been expected a few years ago.

In a recent interview the Agriculture Minister, Mr. Arturo Tanco, said of other crops that banana output would not increase much since the Japanese market was pretty well saturated and the Middle East market only just beginning to develop. He also said that cotton production would be back to average levels this year after being hurt last year by pests. Acreage would more than double. The diversity of climate among the islands has also meant that, although some have had good rainfall, others have had drought. Tobacco crops and banana plantations on the southern island of Mindanao were among those affected by lack of water in 1977, according to a Central Bank report. In meeting the food demands of the population, however, the position has been helped by the vegetable harvest leaping ahead, with almost all varieties giving good crops last year.

Predicting good general crops for this year, the Agriculture Minister has pointed out that for sugar, coconuts and rice, there are also complaints of lack of co-ordination between three different agricultural extension agencies.

Part of agriculture's success in recent years has been due to rural credit. The repayment rate is now 91 per cent, which Government officials look upon as good, and which they say, compares well with industry. Outside experts report a decline in the use of the credit, because Government-sponsored money came too late and was held back from those who were late in repaying previous loans. (Money instead was being sought from millowners, banks and friends—all the old forms.) Official figures suffer from almost a year time lag but would also appear to confirm this. The total amount available last year from both public and private sources was fractionally lower than the figure for 1976.

For those participating in the Government's supervised credit scheme crop insurance is now being provided, although initially only for rice. It will give cover against weather, plant disease and insects. The insurance is optional for the self-financed farmers. In return, those who participate must be supervised by Masagana 99 technicians.

In a bid to boost ancillary industries the government has just announced a programme of tax incentives for those enterprises which produce or process agricultural products or fish. This sort of business had been allowed to benefit from previous incentives to general industry given by the Board of Investments, but a Government official explained that weather and varying commodity prices had made the area a risk business, and further incentives were necessary. The new law will allow tax deductions for the cost of transporting the goods for research and development for the cost of new buildings, roads and bridges, and for maintaining them. Breeding stock will also be considered as capital equipment.

The picture on the smaller

Forestry

A blight on the side of agriculture has been the forestry programme, which in recent years has been ambitious to the point of being out of control in the pursuit of export earnings. Anxiety is openly expressed about the wholesale logging, which not only outstrips efforts at reforestation but also results in soil erosion and silting of dams and rivers. There are complaints of lack of co-ordination in the replanting programme and that dams with a projected life of 100 years will now be useless after 75. Flooding can also result.

For the moment the general optimism hides continuing difficulties and uncertainties, mainly concerning world commodity prices. The Government intervention has helped to stabilise these effects, but there is constant anxiety over margins on Government support prices. Also land reform and the better provision of extension services still have a long way to go. Whatever improvements are made could still be ruined by a season of bad weather, and limitations because of the widely dispersed islands also lead to uncertain markets and the persistence of marginal agriculture.

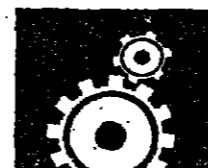
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Hotels still looking for business

THE PHILIPPINES is apparently overhauling its surplus of hotel rooms which were a legacy of the 1976 IMF conference in Manila. The huge debts incurred in the building projects no longer seem so awesome as the tourist statistics creep towards the magic figure of 1m visitors a year.

But although Manila is probably becoming more familiar to the world tourist, the country's tourist potential will, according to some local hotel managers, still be very much in the future and a lot more work has to be done in terms of promotion and ensuring a profitable business. The fourteen new hotels built in Manila in the last four years added 8,000 rooms and they still have to "hustle" for business, trying to underbid each other and warding off the worst deals of travel agents abroad who take full advantage of the position.

The UNCTAD conference next May is the next major milestone in the development of Manila as a convention centre, and the Karpov-Korchnoi chess championship, which has been fought out in recent weeks at the hill resort of Baguio in the centre of Luzon Island, is an indication of the major sporting events which the Philippines can attract. The profitability of such ventures is another matter.

Explanations for the unprecedented growth of the Philippines as a tourist attraction lie, according to those directly involved, in the more stable political atmosphere of recent years—they mention the signs "Please deposit your side arm

in the foyer" which hotels had probably the liveliest night life to display before martial law was imposed in 1972 in a bid to stop the wild west atmosphere of Manila from hopping directly on visitors. Even now, however, Manila remains a town with plenty of bright lights and streets teeming with bars and restaurants, while just offshore a brightly lit floating casino tempts those with bigger money.

Confident

The Under-Secretary for Tourism, Mr. Gregorio Araneta II, seems fully confident of achieving greater growth and a substantial share of western tourism to the ASEAN countries. English, he says, is far more widely spoken in the Philippines than in the other countries. For the moment, however, he is restricted by having the third lowest budget of any government department, the equivalent of less than \$9m. With this he is running a Government department and an executive arm, the Philippines Tourist Authority. The Government is only now setting up more tourist offices abroad.

The attractions of the Philippines are many. The main season for tourists is the summer months from January to May. In the latter part of the year, especially in the north of the country, typhoons may lead to days of rain or even worse disruption. The 7,100 islands present a huge range of white sand beaches, mountains, volcanoes, rivers in roaring gorges and tropical jungle. Manila has

There is more than a hint, however, of Latin America in the colour and vibrancy of life. One example is the new buses brought into Manila for longer urban routes, which are air-conditioned and which the local authority has termed "love buses"—the slogan is written on the side of each, inside a huge red heart. Passengers are entertained to stereo music from cassettes. The other main form of public transport—"jeepneys," gaily coloured converted jeeps—offer similar entertainment. Nor is this quality a reaction to a more official and staid society around government, for even in the Department of Inland Revenue there is piped pop music in the corridors.

There are, of course, dangers for the more adventurous tourist. The southern island of Mindanao is affected by the Muslim insurgency, and movement is restricted outside towns. And even inside the city limits terrorist incidents sometimes occur. Mr. Araneta admits that he had to cancel a recent trip

to a resort on the island because there had been an ambush on the road. He hardly lets it affect the rest of his confidence, shrugging it off with a catch phrase, "terrorism and tourism do not mix." Elsewhere on the islands, the smaller left-wing movement, the New Peoples Army, also effectively curtails other tourist activity.

Intrepid travellers who might be disappointed by these features are comparatively few, and so they have little apparent effect on, say, charter groups. As it is Mr. Araneta admits to a less than enthusiastic welcome for hippies and obviously prefers the rewarding charter groups. He expresses some disappointment that airlines were not anxious to use airports other than Manila, but says the domestic services of Philippine Airlines provide good connections to other islands.

Quarter

About a quarter of tourist inflow comes from the U.S. or from overseas Filipinos (who often live in America), and although it is a long way the new 50 per cent cross-Pacific charters help to maintain the attraction of the route.

A similar proportion comes from Japan, the largest single national group, for with the Philippine peso effectively pegged to the dollar, the value of the yen is enormous. Officials say that the Japanese traffic is back to normal after a scare last year after a returning group caught cholera. The

Philippines maintains that the disease did not originate in the islands.

British tourists are the next largest group, with about 8 per cent of the market, with Australia a couple of percentage points behind. Filipinos tend to play down the significance of their island to the Australian market. For those not familiar with the geography it is a flight of about seven hours involving a time change of three hours. Other ASEAN countries are very much closer.

About 6 per cent of the market are Hong Kong Chinese, who have become a centre of controversy because of strict regulations regarding their entry. In order to make sure they do not stay on as illegal residents, the Philippines Government has been requiring them to deposit their certificate of identity on arrival at Manila Airport, stay only ten days and change into pesos \$200 a head. Government ministers have now said they will try to cut through this red tape.

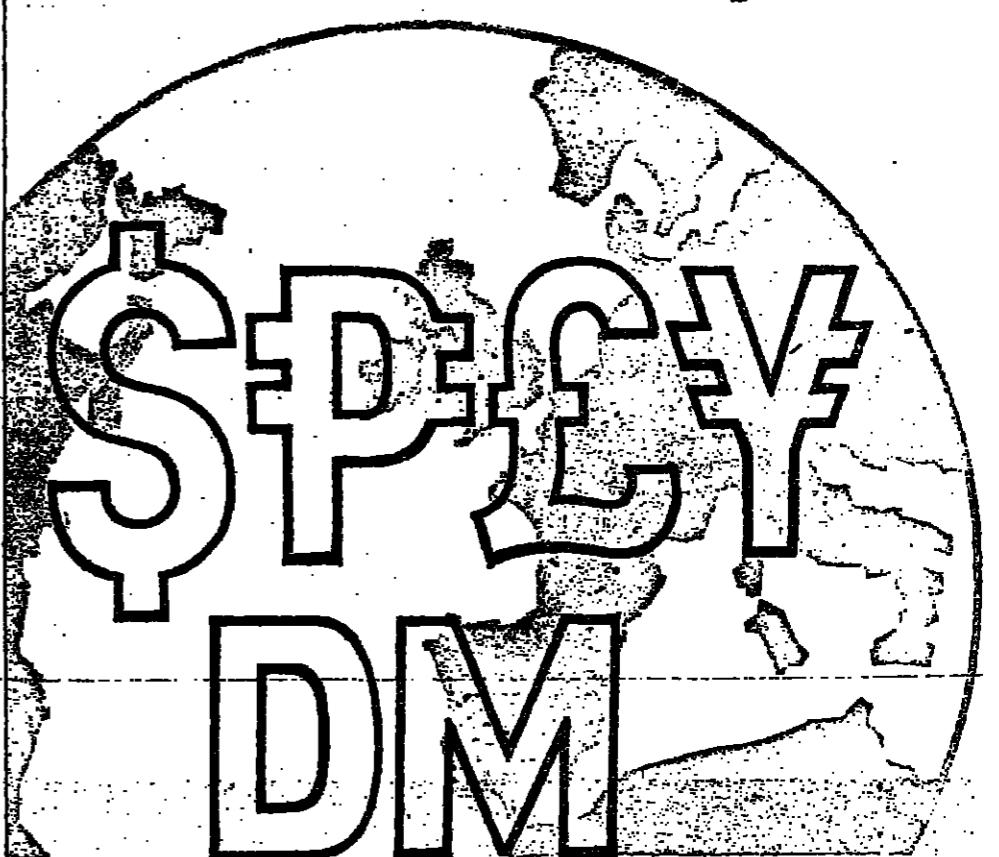
For thousands of Chinese from Singapore and Hong Kong, Manila was the place this year to spend the Chinese New Year, with the result that most of the Manila hotels were fully booked. This year the average occupancy has risen to 60 per cent, a dramatic increase over the mere 35 per cent of last year. Although 70-75 per cent is considered the best operating figure, that day is not obviously so far off.

S.H.



The Karpov-Korchnoi world chess championship match is still being fought out at the hill resort of Baguio.

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Good minerals prospects

THE PHILIPPINE mining industry is barely over the hump of its troubles. Yet it has been reopening closed mines, developing new ones, and even moving forward into smelting and refining. Significantly, overseas creditors are providing financial accommodation, probably reflecting not only an improvement, however slight, in the market for mineral products but also continuing liquidity in international money centres.

But judging from the remarks of those in the industry, the overall mood is at best cautiously optimistic. At least one major copper producer regards the current price recovery as suspect. The behaviour of nickel is erratic, and that of chrome only a little better. Only gold is right now commands a good price, but the benefits of bullion movements are locally being negated by rising costs.

Earnings performances reveal cross-currents on a first quarter basis, net income of three members of the copper "Big Four" was higher: 57.7bn pesos this year from 57.5bn last year for Marco Copper Mining Corporation; 24.41bn from 17.9bn for Lepanto Consolidated Mining Company and to 71.7bn pesos from 55.1bn for Philex Mining Company.

Plunged

On the other hand net income of Atlas Consolidated Mining and Development Corporation, the country's leading copper producer, plunged to 10.5bn pesos from 65.5bn. While copper concentrate exports fetched more or less the same price abroad the difference in operational fortunes seemed to be in production costs—which turned out to be higher for Atlas compared with the three others in the "Big Four."

Marinduque Mining and Industrial Corporation, the country's biggest nickel producer which also operates a copper division and a cement division, incurred a net loss of 64.58bn pesos in January-June this year, bigger than the net loss of 17.22m in the corresponding period last year. Higher production and bigger sales were more than offset by a heavier debt service load. Marinduque's financial charges jumped to 107.62m pesos from a previous 74.51m.

There was a reduction in the net income of the leading chrome producer, Consolidated Mines Incorporated, which has just put into production a copper property. The earnings reduction was to 21.06m pesos from 23.82m on a first-quarter basis. Benguet Consolidated Incorporated, the biggest primary gold producer, earned 48.35m pesos net in January-June this year, 64 per cent above the corresponding period last year, but the improvement was mostly due to a strong earnings performance of its money-making non-mining subsidiary, Engineering Equipment Incorporated.

Whatever is indicated by mar-

ket trends and the profitability picture, the mining industry is alive with expansionist activity. One new company, Superior Mining and Industrial Corporation, recently joined the ranks of producers, when it shipped 1,000-metric tonnes of metallurgical chromite to Japan from its property in Opol, Misamis Oriental, Southern Philippines. It is preparing a 2,000-tonne ore shipment to Europe for the first week of next month.

Barring last-minute hitches, two other new mining groups will be in commercial operation before this month is over. One is Ore-Philippines Mining and Industrial Corporation, which is mining direct shipping-grade copper ore in Carawisan, Antique, Central Philippines. The other is Sabena Mining Corporation, which is about to complete a \$15m mill at its mining property in New Bataan, Negros Occidental, also in Central Philippines.

Early this month one old concern which closed its copper concentrator in November last year and confined activity to waste stripping resumed ore extraction. Western Minolco Corporation said it will reopen its concentrator next December for a full return to production. Its mining-concentrator facilities are in the Baguio mining district of northern Luzon.

Two other old producers, both in gold mining, plan to resume operations shortly. They are Atok Big Wedge Mining Company in the Baguio gold mining district and Manila Mining Company whose property is in Surigao, Mindanao, Southern Philippines. Both closed their mines sometime in 1976 at the height of the market slump.

Recently Atok Big Wedge increased its capital from 6m to 60m pesos—preparatory, it said, to re-opening its mine late this year or early next. The big companies have new projects too. For example, Benguet Consolidated is developing a recently acquired copper-silver mine of Dizon Mining Company in Zambales, the Luzon province along the China Sea coast. Atlas Consolidated is reviving its gold project in Aroroy, Masbate Island, Central Philippines. It also plans to set up a molybdenum concentrate plant in Toledo, Cebu, Central Philippines, in order to maximise recovery of the molybdenum content of the same Toledo orebody yielding copper and by-product gold and silver.

Marinduque Mining is thinking of setting up a cobalt plant to produce refined cobalt out of the by-product of its nickel mining-refining operations in Nonoc, Surigao, Southern Philippines. Marinduque also plans to resume production at its Baguay copper mine and mill in Samar, Central Philippines, following development of additional ore reserves. Milling was suspended a year ago owing to reserves depletion and a then still very poor market for copper.

As for Marco Copper Mining, it wants to develop its San Antonio

mine near its operating Taipan mine on Marinduque Island, Central Philippines, into another mineable ore source as the reserves of Taipan are mined out year after year. Lepanto Consolidated and Philex Mining are just about the only major producers without new projects, though Lepanto has a piece of the action in the rehabilitation of Manila Mining under an operating agreement.

Financed

The Dizon copper project of Benguet Consolidated is being financed by foreign loans and suppliers' credits from various sources, with a combined funding of \$43m. There is an available credit line from overseas financiers for the Aroroy gold project of Atlas Consolidated. It is understood that there are offers of foreign financing for the San Antonio copper project of Marco Copper Mining and the Nonoc cobalt project of Marinduque Mining. The only obstacle is that the Philippines this year reached the ceiling on foreign borrowings imposed by the International Monetary Fund (IMF).

The two recent financial accommodations, therefore, are either of the debt refinancing or loan restructuring type, not covered by the IMF restrictions. One of them is a \$62m loan syndicated by American Express International Banking Corporation for Consolidated Mines. It will be used by the local chrome-copper producer to re-finance obligations arising out of old loans of \$57m in connection with its Ino copper project on Marinduque Island.

The other involves an \$80m loan syndicated by San Francisco's Bank of America and Hong Kong's Wardley group in 1976 for Atlas Consolidated in connection with the company's new Carmen copper project also in Toledo, Cebu. Under a recently signed agreement the creditors reduced the loan interest from 2 per cent to 11 per cent above London Interbank rate, suspended amortisation payments for three years and granted Atlas a new standby credit line of \$30m.

In agreeing to the loan restructuring the lenders noted not only a turn for the better in copper price movements but also a revised contract between Japan's Mitsubishi Metal Company and Atlas Consolidated favourable to the local company. Under this contract Mitsubishi cut its smelting charge on Atlas copper concentrate by US\$ cents per pound from last July, thereby considerably bolstering the Atlas earnings potential.

Apart from Atlas Consolidated's molybdenum plant and Marinduque Mining's cobalt refinery, the other forward integration move in the mining industry is that involving copper smelting. This a joint venture between the private copper mines and the Government. It has been in the organisation stage for the past two years but the question of smelter site has not yet been finally settled and there is no firm decision yet on whether or not the project will be under-

taken on a turn-key basis.

After looking over a number of potential locations a site in Batangas Province, just south of Manila, was chosen. This had to be given up as the locals raised strong objections on environmental grounds. The tentative alternative is an area near Ormoc City in Leyte, Central Philippines, where geothermal power is being developed and the population, so far at least, seems amenable to the idea of having the smelter in their locality.

For the gold mining sector of the industry, one significant development is the start last January of the Central Bank (CB) gold refinery. It is still operating below capacity, however, since it refines only the output of primary gold producers like Benguet Consolidated. Output of secondary producers like Philex Mining, whose copper concentrate contains gold as a by-product, is still refined abroad under concentrate export contracts. The CB refinery will not be able to refine gold by-product until after the copper smelter project becomes operational.

Last year the combined production of primary gold producers reached only 4,478bn grammes, whereas secondary producers of the metal turned out up to 12,857bn. With the prospect of under-capacity refining until the copper smelter project reaches the production stage, the CB refinery is seeking job orders from outside gold producers.

Leo Gonzaga

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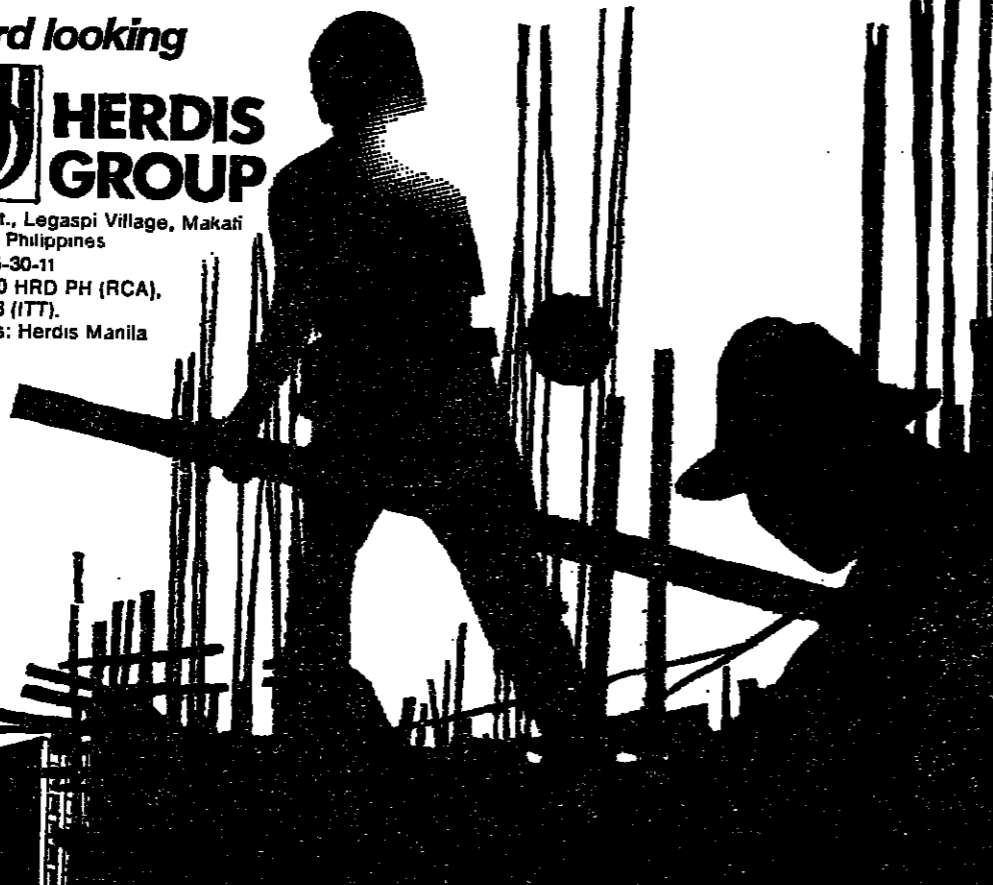
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THE PHILIPPINES XII

Exports problem for textiles

THE TEXTILE industry contains several contradictions. It suffers from wide variations in efficiency and quality, and is being pushed in the direction of exports when most industrialised countries are being increasingly restrictive over quotas.

But there are signs that the position is improving and that, starting from a very much lower base, it can begin to fill in gaps left by the Asian textile giants in Taiwan, Hong Kong and South Korea as these countries head in the industrial direction of Japan.

Optimism that textile exports will continue to grow, though at a more modest pace, is based largely on the new agreement signed with the U.S.—the industry's main export outlet—at the beginning of September. By agreeing on greater flexibility the Philippines has in effect won up to a 35 per cent increase in some of the more important categories, although at the same time the overall effect is in line with the wishes of American domestic manufacturers wanting to maintain the previous pattern of protectionism.

The agreement has been hailed as "terrific" by the deputy Minister of Trade, Mr. Vicente Valdepenas, Jr., and in an interview the president of the Confederation of Textiles and Garments Exporters, Mr. Antonio Carag, said it was better than expected. The quotas were higher than anticipated, he added, and if in volume terms they compared unfavourably with those of Hong Kong, Taiwan and South Korea, it was because of the low base they were operating from. That was not the fault of the U.S. He implied that if the figures had been higher the local Philippines manufacturers would have had great difficulty in achieving the necessary output.

Flexibility

The unique nature of the latest agreement is the swapping of flexibility—the carrying forward or borrowing from the future quotas—in return for the basic increase. In a recent article Mr. Valdepenas wrote that this agreement was achieved when the U.S. was at most maintaining or in fact rolling back the levels applied to all other exporting countries including Singapore, Thailand and Malaysia (countries directly comparable with the Philippines).

The main features of the agreement are that it runs for five years retroactively from January 1, superseding the existing set of quotas, and the aggregate quota for 1978 is raised from 219m square yards to 2555.1m for permitted ex-

ports. The most important advantage of the possibilities parable with overseas products aspect of this is in the garment ahead of it. There are signs but more expensive.

Exports of garments and textiles are now valued at \$250m annually, making it one of the most important non-traditional export products. Looking into the future one manufacturer sees the potential of Europe replacing the U.S. as the major market. At present the U.S. takes 60 per cent of garment exports.

The Philippines, he says, must look to increasing the value of its individual items and Europe has always been ready to pay a higher price. In addition, the larger population of the European Community is more attractive. It will take time though—he thinks 10 to 15 years. For the time being further increases in Europe remain difficult under the new quota arrangements.

One or two other potential areas of finance there is a lack of long-term funds required for the excellent local embroidery expansion: short-term needs are met by the commercial banks and specialisation in gloves and children's clothes. It is import procedures are also complicated and the consequent difficulties with raw materials lead to production delays and non-fulfilment of quotas. On the other side, though, improvement in efficiency is made difficult by the segment which still operates as a cottage industry, and those concerns which might ask to be nationalised if tariffs were lowered.

On the political side the Philippines has so far been lucky in escaping the fate of other countries in the region over the Chinese minority tensions, for it is the Chinese who dominate the industry.

S.H.



The Philippines textile industry has received encouragement in some export markets, but it remains too fragmented to make modernisation an easy task.

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Ambitious coconut schemes

WITH THE continuing slump in the world sugar market, coconut has taken over in recent years as the Philippines' primary export industry, accounting for \$763.4m in 1977, or slightly over 24 per cent of the country's total export earnings. In the first six months of this year exports of coconut products reached \$393.6m, 8 per cent higher than the \$367.9m of the corresponding half of 1977.

Roughly 22 per cent—2.8m hectares—of the country's agricultural land is planted with coconut and an average annual production of more than 2m tonnes of copra makes the Philippines the world's biggest producer and exporter of coconut products. But what these figures do not reveal are the problems that have plagued the industry for years—namely low productivity and fragmented farms.

Production for 1978 is officially forecast at 2,556m tonnes, 10 per cent above the previous year but still below the record 2.7m tonnes of 1976. Exports for the first six months of the year, estimated at just over 1m tonnes, were 17.5 per cent higher than in the corresponding period in 1977, when because of a significant decline in production, export volume in the first nine months dipped by 100 kg of copra at the farm gate, a coconut farmer with only two hectares would earn some 2,000 pesos (about \$266) a year from his farm.

Low productivity has also increased in the number of fruit-bearing trees—a factor ranging from 51 to 76 per cent in some sources feel has been of their rated capacity between 1965 and 1977. Last year the number is now estimated at 390m, of existing 53 mills operated at which 330m are fruit-bearing, only 65 per cent of their annual production of low rainfall during only a year from his farm.

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1 JANUARY

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COMPANY NEWS

Beaumont Properties sees improvement

PRINCIPALLY as a result of a £43,250 rise in property trading profit to £84,250, Beaumont Properties expanded taxable earnings for the half-year to March 31, 1978, from £385,000 to £428,250.

Property sales in 1978-79 caused first-half property revenue to decrease to £658,750 (£698,000) but this was more than offset during the half-year by a fall in interest payable (from £387,000 to £331,500) resulting from net sale proceeds being utilised in reducing borrowings, says Sir Cyril Black, the chairman.

Successful property sales have been concluded in the second half and higher trading profits are forecast. These profits, together with the benefits from the short-term investment of funds arising out of the March rights issue, should produce net profits for the current year in excess of last time. At the pre-tax level the surplus for 1978-79 was a peak of £102m.

A steady buying programme is in hand using the proceeds of the rights issue together with funds realised by sales of property. The directors will continue to pursue the chase suitable properties as the opportunity occurs, Sir Cyril adds.

Tax for the first half took £227,750 (£201,000) leaving a net balance of £235,000 (£194,000). Earnings per share however were down at 1.88p (1.75p) in the enlarged capital. A net interim dividend at 1.175p has already been declared.

Property revenue
1978-79
£658,750
1977-78
£698,000

Property trading
£84,250
£84,250

Investment income
£1,000
£1,000

Share issues
£6,250
£6,250

Net interest payable
£331,500
£387,000

Pre-tax profit
£428,250
£385,000

Tax
£227,750
£201,000

Net profit
£200,500
£184,000

Below target output hits Charles Early

A shortfall in production affected first half performance at Charles Early and Harriott (Witney). Blanket and floor covering producer, taxable profit for the six months to July 28, 1978, slowed marginally to £137,237, against £146,115 and the directors do not think it possible to regain the lost ground during the remainder of the year.

Though home sales were up at £2.16m (£1.6m) and demand here continues to be encouraging, export sales were depressed at £1.06m (£1.33m) largely due to the strengthening of the pound.

In 1977-78 the company expanded profit from £0.21m to a record £0.32m with strong demand both at home and overseas.

The net interim dividend is held at 0.315p per 10p share and costs £18,439 (£18,570). The final last year was 1.66p.

After tax of £32,000 (£36,000) net profit came out at £73,237 (£80,115).

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are to be paid or not and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Insurance-Beaumont Clark, City of London

Baden Carver, Perry Linn, Marshall

Cavendish, Jefferson Smith.

Finals-English Association of American

Board and Shareholders, Macmillan

Glenlivet.

FUTURE DATES

Interim-Bruntins (Museum)

Oct. 12

Foster Brothers

Oct. 12

Road Executive

Oct. 9

Richards (Leicester)

Oct. 6

Wolstenholme Bronze Powders

Oct. 3

Finals-Photo-File International

Oct. 12

Dividend, 5p per share, five times

covered.

Mr. Michael Shanks, chairman,

comments that the dividend

although calculated on a delib-

erately prudent basis, is a mark of

confidence in the future.

The growth during the year

came primarily from new stock

broker and institutional invest-

ment clients for on-line invest-

ment research and valuation

services. Fifty new installations

brought the total number of

terminal clients to 250.

During the year Datastream

introduced new services for eu-

ropean and traded options, reached

agreement with NIMV Computers

to provide valuation services to

NIMV's stock broker clients, and

completed negotiations for the

acquisition of Inter-Bank Services.

Mr. Shanks sounds two

cautionary notes in his statement,

by warning of increased accom-

modation costs and relocation

expenses on expiry of property

leases in 1979 and 1981 and by

highlighting the industry's depen-

dence upon industrial peace in

the Post Office.

Robert Grier

leaves

Howard Tenens

Blockleys

midway slump

A fall in pre-tax profits from

£244,300 to £100,000 is reported

by Blockleys, facing brick manu-

facturer, for the first six months

of 1978.

Turnover in the period declined

from £1,003,700 to £987,400 and

after tax of £32,600 (£152,500),

net profit emerged at £47,400 com-

pared with £111,900.

Mr. T. J. Wint, the chairman,

says the figures reflect a poor

start to the year, but he is en-

couraged by the improved trad-

ing results of recent months.

Earnings per 20p share are

shown down from 7.31p to 3.02p.

The interim dividend is lifted

from 1.0375p to 1.1587p, and as

previously forecast a third

interim of 0.0421p is to be paid

for 1977. Last year when profits

totalled £440,133, a 2.7807p second

interim was paid.

BARCLAY INTL.

Barclays Bank International says

its operations in Kenya will be

taken over by a locally-incor-

porated company, Barclays Bank

of Kenya, from today.

RBI will hold all the 120m

shilling (£18m) equity capital of

Barclays Bank of Kenya. But a

spokesman says the bank plans to

issue shares to Kenyan investors

next year.

Six months

upsurge at

Toye

A BIG increase in profits for

1978 is forecast for Toye and

Co., which manufactures and

sells civil and military recalls.

For the first half profits have

almost doubled, from £103,574 to

£204,508, and the Board is of the

opinion that the second half

should prove equally satisfac-

tory.

The forecast is made with the

proviso that costs continue to be

held close to budget estimates.

Sales are generally buoyant and

exports are improving.

In the first half sales were up

from £2,571m to £3,31m. Tax

absorbs £28,230, compared with

a restated £7,527.

In the year 1977, group profit

before tax was £203,000, and a net

dividend of 1.5525p net per 25p

share was paid.

First half rise

for Arden &

Cobden

Arden and Cobden Hotels re-

ports pre-tax profits for the half

year to July 1, 1978, up from

£33,800 to £112,500 but the

directors say a similar profit in-

crease cannot be expected for the

second six months.

The summer period has not

been encouraging although the

board hopes business will pick

up again in the autumn.

Turnover for the first half

amounted to £492,000 against

£404,000 and the profit is after

depreciation £11,500 (£12,000) but

before tax of £65,000 (£23,000).

Last year's profits totalled

£128,000.

Planning permission has been

received to carry out certain re-

construction at the Cobden Hotel

and it is hoped to make a start

in the new year.

FT Share

Service

The following securities have

been added to the Share Infor-

mation Service appearing in the

Financial Times:

International Thomson Organi-

sation Convertible (Section:

Newspapers).

Jones (Ernest) (Jewellers).

(Section: Drapery and Stores).

BIDS AND DEALS

KU approached over Cannon holding

SEVERAL MAJOR insurance companies have expressed interest in buying out Keyser Ullmann's two-thirds holding in Cannon Assurance, said Keyser's chairman Mr. Derek Wilde yesterday. "We hope to make an announcement in the next few weeks," he added.

So far no firm offer has been made and Mr. Wilde explained that if Keyser was to commit itself to sell its stake in Cannon it would depend on "whether the offer were a fair one."

Merchant banking group Keyser Ullmann Holdings bought a controlling stake in Cannon Assurance (formerly International Life Insurance (UK)) and part of Mr. Bernie Cornfield's Overseas Services group of companies) from the liquidators of Mr. Cornfield's collapsed IOS concern in 1972.

At the same time, a smaller stake in Cannon was purchased by Mr. Edward Cann, MP, then Keyser's chairman. Mr. Cann is currently chairman of Cannon but no longer a Keyser director.

After the purchase there followed a protracted dispute over aspects of the transfer of ownership of Cannon. The IOS liquidator claimed that there had been an improper transfer of ownership. Earlier this year, after nearly three years of litigation, the liquidator's claims were withdrawn and Keyser's and Mr. Cann's holding in Cannon were confirmed to be 57 per cent and 15 per cent respectively.

When the settlement was made this year Keyser increased its stake in Cannon to 66 per cent.

RENTOKIL

Rentokil Group has acquired 100 per cent of the shares in Rentokil Safety Products, which makes a range of fire safety products at Sturminster Newton, Dorset.

CAWOODS FUEL

Caewoods Fuel Oils has purchased the business and assets of Thistle Oils Glasgow. Value of the assets acquired was £142,500.

Charles Hurst near £1m

INCLUDING SPECIAL bonuses and profits on the sale of property of £3,500, pre-tax profit of Charles Hurst & Co. for the six months to July 28, 1978, was £4.8m higher at £28,43m.

After tax of £57,036 against £31,000 last time net profit came out at £605,149 compared with £287,714. Earnings per 25p share are shown ahead from 13.3p to 27.9p.

The interim dividend is unchanged at 2.66p net, and Mr. C. T. Hurst, the chairman, has again waived the right to his interim payments of £14,552. Last time a £2,500 share bonus was paid on total profits of £371,000.

The company's activities cover the sale, repair and maintenance of cars and commercial vehicles.

Heenan Biddow loan holders' compensation

Loan stockholders of Heenan Biddow, which is in liquidation, are to receive an unexpected payment. The auditors, Binder Hamlyn, have agreed to pay them £105,000.

The payment is an out of court settlement of the trustee's claim that Binder Hamlyn deprived it of an opportunity to apply pressure on Heenan Biddow in 1974. The claim was allegedly paid further by wrongly stating that Heenan

Biddow was within its borrowing limits under the trust deeds.

Binder Hamlyn has settled without admission of liability. The trustee, Law Debenture, did not take the matter to court because of the difficulty of proving the extent to which stockholders suffered damage.

After deduction of £18,500 for Law Debenture's remuneration and expenses, the money amounts to £7,900 per £100 nominal of stock. The compensation will cover the interest for capital gains tax purposes.

ISSUE NEWS

MIDLAND BANK STATISTICS

Statistics compiled by Midland Bank show that the amount of "new money" raised in the UK by the issue of marketable securities in September was £125.2m, almost double the total of £62.5m for August.

In the first nine months of this year, £809.8m has been raised compared with £1083.1m in the same period of 1977.

GUINNESS PEAT

Guinness Peat Group is proposing a one-for-one scrip issue. Subject to shareholders passing a resolution at an EGM called for October 27, the company intends to double the authorised capital to £20m and issue a further 32,721,782 ordinary 25p shares.

FINANCIAL TIMES STOCK INDICES

10 am 501.9, 11 am 501.4, Noon 501.2, 1 pm 499.9, 2 pm 500.2, 3 pm 500.1, Latest index 500.025.

* Based on 85 per cent corporation tax, 1978=8.54. Rate 100 = 100/100. Fixed lot 1000. Ind. Ord. 1/77/35. Gold Mines 12/7/35. See Activity July-Dec. 1977.

HIGHS AND LOWS

S.E. ACTIVITY

DIAMONDS FOR INVESTMENT

DIAMONDS FOR INVESTMENT

DIAMONDS FOR INVESTMENT

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DIAMONDS FOR INVESTMENT

Telefusion satisfied with superstores

Although the economic and political outlook is uncertain, Mr. J. N. Wilkinson, chairman of Telefusion, is confident that with its current improving trend in business, its investment programme and its marketing strategy will in the longer term lead to a period of sustained growth.

Of the re-organisation instituted in the April 28 1978 year just ended, he says the group currently has several superstores in operation and directors are well satisfied with the initial profitability. The full plan of re-organisation which covers closure of certain Trident units, resiting of others and additional superstores and large warehouses will take until the end of 1979 to complete.

With overseas operations, which contributed £212,000 after foreign tax last year, the group intends reinforcing its success by expanding its operations into Belgium in the current year.

Mr. Wilkinson points out that many of the rental television sets put out in the peak growth years of 1972-73 are now approaching the time when depreciation will have been fully provided, and the group will be able to show a satisfactory level of profits in the next year or so from this source. New technological developments are then expected to bring in their own substantial contribution to the rental business.

As previously reported taxable profit in the latest year declined from £3.09m to £2.07m. Meeting, Connaught Rooms, WC, October 26 at 12.30 pm.

MARSHALLS (HALIFAX) LIMITED

(Registered in England No. 481574)

Capitalisation Issue of 1,014,791 10 per cent. Cumulative Preference Shares of £1 each.

The above securities have been admitted to the Official List by the Council of The Stock Exchange and dealings in them will begin on 2nd October, 1978.

Particulars of the Preference Shares are available in the Extel Statistical Service, and copies of the statistical card may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) for the next fourteen days from:-

Samuel Montagu & Co. Limited E. B. Savory, Millin & Co. 11

The Hongkong Land Company, Ltd.

"Another year of active growth"

Group Earnings increase by 49.1 per cent for half year to 30th June, 1978, due principally to the incidence of Chi Fu Yuen profits. Full year's earnings should exceed £29.4 million (£24.5 million in 1977).

Dividend Announced — Interim for 1978 of 1.49p per share (1977 — 1.28p). Final forecast of 3.09p per share (1977 — 2.77p).

Strong Demand for Commercial Properties. 99 per cent occupancy in all our office buildings. Major commercial developments, Gloucester Tower (Central District) and Windsor House (Causeway Bay) on schedule. Letting prospects excellent.

Increased Industrial Property Involvement reflected by 103,000 sq. m. (1.11 million sq. ft.) joint venture industrial development and 370,000 sq. m. (4 million sq. ft.) industrial space now under management.

Residential Properties' Strength continues. All buildings fully let. 158 deluxe flats at Tregunter will be completed in 1980. Development of Chi Fu Yuen township continues. Demand exceeding supply. Awarded contract to develop 1,000-unit government home ownership housing project.

Half Year Results six months: January/June	1978	1977
Group Profit after Taxation (unaudited)	£14.4m	£9.7m
Interim Dividend per share	1.49p	1.28p
Forecast for Year		Comparison
Group Profit after Taxation (estimated)	£29.4m	£24.5m
Earnings per share	6.08p	5.12p
Final Dividends per share	3.09p	2.77p
Total Dividends per share	4.58p	4.05p

Currency conversions from HK Dls made at rate ruling on 28th September, 1978.

Value of building contracts in progress in HK\$ Million



Major Step Taken with our investment in a joint venture with Kiu Kwong Investment Corporation Limited, The Sun Company Limited and Jardine, Matheson and Co., Ltd. to develop New Territories Township.

Satisfactory Food Trading by dairy farm subsidiary in difficult year.

Buoyant Trading in Hong Kong and region by subsidiary Mandarin International Hotels Limited. We have acquired the outstanding equity in our subsidiary, City Hotels Ltd, and have opened the Mandarin in Jakarta on schedule.

Offer to Shareholders of some HK Dls. 600 million 8 per cent unsecured loan stock 1984/1993 with warrants announced.

Documents are expected to be posted 23rd October.

D. K. Newbigging, Chairman Hong Kong, 28th September, 1978.



The Hongkong Land Company, Ltd.
Alexandra House
Hong Kong

The Hongkong Land Group

Grass-roots help for Brazil's farmers

BY DIANA SMITH, Rio de Janeiro Correspondent

BRAZIL IS a primarily agricultural country yet has not had an official agricultural research corporation for more than five years. That abundantly illustrates the hither-to manner in which the country's farming has been conducted.

The corporation, however, known by its acronym of Embrapa (standing for Brazilian Agricultural Research Corporation), is determined to make up for lost time, with a combination of personal and collective enthusiasm, technical skills and dedication which help to counter-balance the widespread impression that Brazil is a country where the future is always just around the corner, kept at bay by those who are managing well for themselves and see no reason to allow changes that would benefit others.

Embrapa's essential purpose is to co-ordinate both scientific knowledge acquired nationally or abroad, and research systems set up nationwide, with local production systems. In the past, much of Brazil's investigation of farming methods has remained at a purely abstract level: Embrapa, by setting up strategically placed research centres wants to apply techniques locally, adapting them to the different climates and soil conditions, and thinking several years ahead. The latter is definitely a new development for Brazil.

Embrapa has 15 local centres scattered around Brazil from north to south. Its centre in the area of Petrolina, a small town in Pernambuco state, on the banks of the São Francisco River, which I visited recently, serves as a useful example of the range of activities in which Embrapa is engaged. The Petrolina centre covers an area of 100,000 sq. kilometres (about 39,000 square miles), in both the arid and semi-arid zones. Its experimental stations are located in Pernambuco, Bahia (across the river from Petrolina) and Piauí states. These are areas that, because of the unpredictable rainfall, combine dry farming with more recent modern irrigation methods, using the water resources afforded by the new Sobradinho dam and hydro-electric scheme near Petrolina.

Traditionally, the area is a blend of subsistence farming, either by smallholders or tenants (with over 60 per cent of those who work the land not owning any of it) on the one

hand, and on the other, with oil as efficient as that derived from petroleum.

Essentially, the purpose of the Embrapa centre is to improve the lot, and productivity of the smallholder or landless farmer, evolving the optimum crops for the climatic and soil conditions, and the cheapest, most effective forms of simple irrigation which can make full use of uncertain rainfalls or small reservoirs without requiring complicated technical knowledge or equipment.

At the Petrolina experimental station in the semi-arid zone south of Petrolina, technicians are now working on a maize/red bean (phaseolus vulgaris) inter-crop system.

Using, basically, the Aztec strain of corn but also successfully evolving a dwarf hybrid, the Petrolina (with normal-sized ears and grains, "new ears"). Embrapa technicians are testing in different situations, with lesser and greater degrees of irrigation, use of fertiliser, soil quality, number of stalks per hectare, in order to be able to introduce farmers to the most successful system. Bearing in mind the innate conservatism of all farmers, the Petrolina technicians plan to take a half-dozen of the most receptive local farmers, work with them in preparing their fields, planting and irrigation, and then, when the results come in, let the remainder see the practical outcome for themselves — and imitate.

The semi-arid zone extends over 13 per cent of Brazil's entire territory (which totals over 8.5m square kilometres or 3.3m square miles) and 73 per cent of Brazil's North-East. The studies done by Embrapa prior to setting up its experimental stations have revealed the multiple shortcomings of the soil itself, with varying degrees of salinity or alkaline content and a tendency towards poor water retention. Susceptibility to a wide range of crop diseases is high, and one of Embrapa's most urgent areas of activity is rapid development of the best forms of control.

Flying from Petrolina to Petrolina by light aircraft — a rapid half hour's hop of some 120 miles — dramatically shows up the contrast between the area. The road from the Petrolina experimental station to the landing strip a few miles away is lined with cornfields or wheat growth, as well as one of water and problems of salinity: the technicians are now working on extrapolations that will indicate the ideal number of plants per acre planted, depending on the different crops.

A short distance from the

irrigation experiment Embrapa has a goat research station. The goat is no stranger to the North East, since its ability to eat virtually anything and survive in hostile conditions make it the ideal source of meat, milk, and hides. It can even survive, as the scrawny, wizened cattle of this area have often done, on the "animal feed of last resort" — the flesh of the abundant local cactus (with the thorns burned off, of course).

Embrapa is trying to evolve an even harder breed of goat, with more flesh on its bones while, at the same time, improving pasture conditions and soil preservation — a task that, the technicians admit, may harbour risks in view of the goat's known ability to devour everything in its path and devastate entire areas.

Neglect

This particular area of the Brazilian North-East has a population of some 12m people, who, for generations on end, have tried to live with only sporadic rains or long droughts, primitive farming methods and, until more recent years, official neglect.

Even with new, ambitious irrigation projects on an industrial scale, planned to benefit small farmers, the benefits have tended to go to those already in more comfortable conditions. This is a problem recognised by the Government and, to its credit, it is making attempts to rectify the situation. The seeds of agrarian reform have been sown as have those of farming co-operatives, several of which are thriving.

The young men who are working for Embrapa often are highly educated. In the Petrolina centre alone there are five Ph.D.s and seven M.A.s, mostly trained abroad and mostly with field experience in the Far East or Latin American countries. What they are up against, however, is not only the entrenched social system of the region — one of endemic exploitation — but also the bureaucratic explosion which delays practical application of urgent solutions with requirements for dozens, sometimes hundreds of signatures of different government, state, or municipal departments.

Nevertheless, the signs are visible in the North-East that, this time around, new young blood is determined to prevail whatever the difficulties and to help the small farmer, giving him a hope that he has never had before.

Practical test

The experiment is working with eight pots per furrow, 3 ft apart, nourishing five roots per pot and buried close to the surface. A practical test with melon seeds in February and March this year showed that melons can be successfully applied in regions with limited water and problems of salinity: the technicians are now working on extrapolations that will indicate the ideal number of plants per acre planted, depending on the different crops.

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All of these securities having been sold, this announcement appears as a matter of record only.

October, 1978

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Commerzbank Abtheilung Ausland	Compagnie Monégasque de Banque	Continental Illinois Limited	Credit Suisse First Boston
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DG BANK Deutsche Genossenschaftsbank	Dillon, Read Overseas Corporation	Drexel Burnham Lambert Incorporated	
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Hambro Bank	Hessische Landesbank-Girozentrale	Hill Samuel & Co.	E. F. Hutton International N.V.
Istituto Bancario San Paolo di Torino	Jardine Fleming & Company Limited	Kleinwort, Benson	Kreditbank S.A. Luxembourg
Kuhn Loeb Lehman Brothers Asia		Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)	
Kuwait International Investment Co. s.a.k.	Kyowa Finance (Hong Kong)	Lazard Brothers & Co.	Lazard Frères et Cie
Loeb Rhoades, Hornblower International Limited	Manufacturers Hanover Limited	Merrill Lynch International & Co.	R. Metzler seel. Sohn & Co.
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Nomura Europe N.V.	Okasan Securities Co., Ltd.	Sul. Oppenheim jr. & Cie.	Orion Bank
Paine Webber Jackson & Curtis Securities Limited	Pan Asian Finance Limited		Peterbroek, Van Campenhou, Kempen S.A.
Pierson, Helderling & Pierson N.V.	Rothschild Bank A.G.	N. M. Rothschild & Sons	Saitama-Union International (Hong Kong) Limited
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Building on the natural resource

By W. L. Luethkens

British Columbia

The westernmost Canadian province has good growth prospects based on its forests, mines and other natural resources. Processing of raw materials offers investment opportunities within the limits imposed by geography and by a population that will remain small.

CANADIANS LIKE TO describe themselves as hewers of wood and drawers of water, but as an urban member of the Vancouver financial community likes to point out, they use pretty advanced technology to do their hewing and drawing. There, in a nutshell, you have a summary of the British Columbia economy, and a pointer to the direction in which the provincial authorities would like it to evolve.

The watchword is to build on the existing raw material resources, to husband and exploit them efficiently, and to use them as the basis for a limited amount of further manufacture. Given a population of about 2.5m, of whom 1.4m live in the cities of Vancouver and Victoria, there is not a great deal else that can be done. There is no base or desire for a fully developed manufacturing economy. Changes of government may change the emphasis, but not the pattern of the possible.

The days are long past when the lumberjack set out with an axe and little else into the forest which covers 80 per cent of the province to chop down giant trees more than six feet across at the base. Now the logging is done mechanically. And as regards the water, it is used to produce electricity. Hydro-electric reserves capable of development are about three times as great as the power that has been developed and covers present needs.

The forest industry is doing well, kept busy by the housing boom in the U.S. and the running down of pulp stocks in the world. The other scene of great economic activity is in the north-east of the province where large natural gas finds have been

made. The non-ferrous mining industry, next to the forests, is British Columbia's second most important source of wealth, seems to be coming to the end of a number of this years.

What all that adds up to is the picture of an economy that is likely to grow faster than the rest of Canada, but also of great vulnerability to the fluctuations of world demand and the tariff policies of its customers. Moreover much of British Columbia's strength is in capital intensive industries. That partly explains the paradox of a prosperous economy with a high unemployment ratio around 8 per cent. The forests, mines, and gaswells in the interior are not calculated to provide jobs for the city young and for the many immigrants attracted from the rest of Canada by the British Columbia climate: unique in Canada, the Vancouver region and coastal strip has a mild winter.

Selling

A possible growth area for the young and the better educated is in developing and selling technologies based on the needs of the industries that are strong in the province, such as forestry. British Columbia has long coastline and the possibility of offshore oil and gas in the Canadian north and east provide another opening that has already led to the construction, in Vancouver, of submarines for scientific and industrial purposes.

Heavier industry is not entirely unrepresented: a locally established company has signed letters of intent to buy billets in eastern Canada which will be shipped through the Panama

Canal and rolled into wire rod forms. These are largely mining shares of unashamedly speculative nature, trading at an average price of about 70-80 cents a share. Vancouver is their preferred stock exchange.

The financial community sees a future for Vancouver in 1949 Vancouver Island (but not developing business with Japan and the rest of the Pacific Rim, which is also providing increasing markets, for instance, for British Columbia coal, fish products, and forest products. A brought miners from all over large Japanese and Chinese community in the city which it was the beginning of serious and permanent white settlement in the area.

British Columbia joined Canada in 1871, exacting as its price the construction of the Canadian Pacific Railway to link up with the rest of the country across the Rockies and the almost empty prairies. Remoteness from central Canada, now Ontario and Quebec, continues to play a role in British Columbia mentality.

The suspicion that Canada was really founded to give Ontario a market for its manufactures is widely held and not entirely baseless. The pioneer days may seem a long way away in the bustling streets of Vancouver or the tidy suburbs of Victoria with its pride in the English connection still apparent in well tended gardens and numberless fish and chip shops. But in spite of television, universal car ownership, and modern technology, life is a good deal harder in the logging camps and mining towns of the interior and the north.

There the company town is more or less the norm and it

18th century London began to take an interest in the region: Capt. Cook made a surveying visit in 1778 and refitted the Discovery. Next came the fur traders of the North West Company from Montreal and from Hudson's Bay Company. In 1849 Vancouver Island (but not what is now the city of Vancouver, which lies on the mainland) was made a Crown Colony. A year later a gold rush began which ended in 1865 after having brought miners from all over the world to British Columbia.

Like most of the Canadian West, British Columbia is divided sharply between the rural and small town areas with their primary resources—the agricultural townships, forests, and mining towns—and a service-orientated metropolitan region. Victoria is the capital but the main city of the province is Vancouver. It has the international airport, is Canada's main west coast port, and the main financial centre of the Canadian West even though Calgary and Edmonton in Alberta have become more dynamic. It is the home of the Bank of British Columbia, a Canadian chartered bank founded with the avowed object of catering for westerners who long felt that their interests were ignored in far away Toronto. The necessary equity capital was raised more or less by passing around the hat among the wealthy and the corporations of the West, and the Bank of BC, as it is generally called, has broken into the \$1bn class.

The Vancouver stock exchange is not in the Canadian front rank, but it does provide those with a gambling instinct and money to spare with the opportunity to play the so-called Cape Horn by sea. In the late

penny stocks or penny dreadfuls. These are largely mining shares of unashamedly speculative nature, trading at an average price of about 70-80 cents a share. Vancouver is their preferred stock exchange.

The financial community sees a future for Vancouver in 1949 Vancouver Island (but not what is now the city of Vancouver, which lies on the mainland) was made a Crown Colony. A year later a gold rush began which ended in 1865 after having brought miners from all over the world to British Columbia.

British Columbia joined Canada in 1871, exacting as its price the construction of the Canadian Pacific Railway to link up with the rest of the country across the Rockies and the almost empty prairies. Remoteness from central Canada, now Ontario and Quebec, continues to play a role in British Columbia mentality.

Bustling

The pioneer days may seem a long way away in the bustling streets of Vancouver or the tidy suburbs of Victoria with its pride in the English connection still apparent in well tended gardens and numberless fish and chip shops. But in spite of television, universal car ownership, and modern technology, life is a good deal harder in the logging camps and mining towns of the interior and the north.

There the company town is more or less the norm and it

requires little imagination to guess what happens when the mine closes down either for a strike or for economic reasons. Stewart in the north is a case in point. Gold and silver mining took its population to 10,000 before the First World War. Some time after that war 17 remained. A copper mine employing 800 people in the early 1970s took the population up again to 3,000. Now the mine has closed: of the 1,200 left, many are preparing to go.

A similar yo-yo scenario may be played out in the north east of the province when the Alaska gas pipeline is built. Much money will be made before the caravan moves on, but move on it will. Opinions therefore are not entirely agreed whether the pipeline will be of much direct benefit to British Columbia. However, for the moment the region is booming both in anticipation and because it is finding natural gas of its own.

Given such an environment it need surprise nobody that British Columbia has a reputation for militant trade unions. At times the labour scene was almost chaotic, but the climate has greatly improved in the past few years. It remains to be seen whether warfare will break out again as the temporary wage controls imposed by the Canadian Government come to an end. There is some reason to suppose that both sides of industry are anxious to avoid a return to the past.

Hand-in-hand with a militant trade union movement, British Columbia has a strong New Democratic Party—a party of socialist inspiration and interventionist practice. Even in a bad year the NDP can count at

about one third of the vote. In 1972 it got 40 per cent and turned out after 20 years in office the Social Credit Party. Social Credit has nothing to do any more with the unorthodox monetary ideas which it preached 40 years ago: it came to power in 1952 as a group supported primarily to keep out the NDP. It did so by preaching the gospel of business initiative, budget surpluses, and "no handouts," though it also managed to annoy the bankers by nationalising (or rather "provincialising") most of the British Columbia electric system.

The NDP Government of Mr. David Barrett only lasted from 1972 to 1975. A few ministers earned good marks, for instance for introducing a labour code and for improving surveillance of the securities industry. But several ventures into industry as a means either of preserving jobs or of providing the private sector with competition proved unsuccessful. Some of the holdings, with potentially juicy gas rights thrown in, are to be sold off by a share issue to the British Columbia public when the time is ripe.

In 1975 Social Credit returned under Mr. Bill Bennett, son of W. A. C. Bennett who had been premier from 1952 to 1972. It has in essence followed a good housekeeping line, tidying up a bad budgetary mess left by its predecessors, and preaching the merits of private enterprise. But it would be wrong to conclude that its philosophy is purely one of laissez faire. Its Minister of Economics Development, Mr. Don Phillips, is quite prepared to use the phrase "administrative guidance" when you ask him how he hopes to

get the increased depth of manufacture that he aspires to. In some spheres stronger powers do exist and are used. For instance it is almost impossible to export logs from British Columbia: to get a licence you have to show that you could not dispose of them on the Canadian market. Chips, the bits and pieces left over in a saw mill which can be turned into pulp for the paper mills, also need a licence. Lately the export of chips has been permitted, rather than letting them pile up unused at the mills.

As seems to be the fashion elsewhere too, British Columbia this autumn has been suffering electoral fever. Mr. Bennett does not have to go to the country before 1979, but might do so as early as this autumn. He wants to demonstrate to investors that British Columbia deserves their confidence, he says—and, indeed, an NDP victory would frighten many of them. The party is aware of it and has been trying to move towards the middle ground. At present the mortality rate among Canadian governments is high, but even a toned down NDP will find it hard to catch Mr. Bennett.

Unlikely

But a Bennett victory if and when the election takes place is unlikely to give him the investment boost that he is more or less promising the electors. Investment is already running at a satisfactory rate in the forest products industry. The mines are another story. No major new development schemes are known.

In the longer run many industrialists in British Columbia, not without support in the civil service, believe that freer trade with the U.S. may be an idea worth pursuing. It is an old theme in Canadian history, recently revived by a committee of the Canadian Senate. Freer trade would remove debilitating U.S. tariffs from products such as plywood, newsprint and petrochemicals (though such an industry does not exist in British Columbia) entering the U.S. It might encourage more manufacture in the province. The big question is what price the U.S. would exact: from access to Canadian energy would almost certainly be part of it. And that might be too much for British Columbia—and for Canadians at large.


POWER FOR A GROWING LAND

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B.C. Hydro—a Crown corporation, its bonds guaranteed by the government of resource-rich British Columbia—has an Aa/AA rating by Moody's and Standard and Poor's in the United States financial market.

For a detailed look at B.C. Hydro's important role in the continuing growth of British Columbia, write for a copy of the corporation's latest annual report.

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BRITISH COLUMBIA II

Hope for a broader economic base

THE ECONOMY of British Columbia shows every sign of growing more quickly than that of Canada as a whole. That is a promise of no mean performance since Canada is expected to produce growth of about 4 per cent this year and only marginally less in 1979. By international standards that is no bad record.

The growth rate expected in British Columbia this year is 4½ per cent or more. Guesses for next year are hard to come by, but no especially drastic change is expected, either up or down. The problem for British Columbia is that it is almost entirely dependent upon what goes on elsewhere, principally in export markets in the U.S. Taking Canada as a whole, foreign trade has a share of about a quarter in GNP. In British Columbia, with a population of only about 2.5m, dependence upon the outside world may be twice as important.

Nowhere does this become more obvious than in the sales patterns of the two leading industries in the province. The forest products industry, which accounts for more than half the Gross Provincial Product, sells four-fifths of its output abroad. The mining industry did only 12 per cent of its business within Canada last year.

These are the industries which which prosperity stands or falls. The present position is encouraging to good. Forest products are booming, borne aloft by the high level of housing starts in the U.S. A setback had been expected late this year, partly for cyclical reasons

partly because mortgage rates have been rising in the U.S. So far it has not occurred and men in the industry in Vancouver hope that nothing worse will happen than a softening of prices. Since they price their products in U.S. dollars they do have a little leeway, provided by the depreciation of the Canadian dollar vis-a-vis the U.S. currency.

Pulp manufacturers, who have long languished under the pressure of high world inventories, have seen their market recover this year. Prices have been improving, though not yet to the dizzy heights of earlier years in this decade.

Difficult

The mining industry is in a difficult spell, but seems to be over the worst. The price of copper has been recovering gradually, as has that of zinc. The Bank of British Columbia estimates that existing mines in British Columbia can break even when copper fetches \$8.61 U.S. cents a pound. The price is higher now. But the same source also estimates that newly installed capacities would pay their way only if the price were to rise to US\$1.15. So it does not look as though anyone will rush in with developing a new mine for non-ferrous metals in the next year or two though a copper mine will open this year.

There is a proposal for a uranium mine in the south of the province, which has run into an environmental argument. Elsewhere prospecting for uranium is going ahead intensely. The mining industry is con-

sidered in detail in another article in this survey, but it is worth noting a paradox that has greatly helped producers of molybdenum, a metal used in making special qualities of steel. Though the steel industry is in a mess everywhere, the price of molybdenum has been rising steadily. The metal is a by-product of copper and as copper production fell, so molybdenum became short.

The real excitement at the moment is in the search for natural gas in north-eastern British Columbia. Activity is said to be at double last year's pace and there is a shortage of drilling equipment. Natural gas is a product which is exported from British Columbia to the U.S. in large quantities, though the share of exports in production is distinctly lower than in the case of mine products.

In addition to natural gas and a dwindling supply of its own oil, British Columbia has abundant coal, both of thermal and of metallurgical qualities, and a considerable undeveloped hydroelectric potential. The provincial electric power authority, not necessarily to the delight of the provincial Government, has begun a debate on whether generating power should be installed with a view to concluding long term export contracts with customers in the U.S.

In addition the main props of the provincial economy are catching and canning fish, especially salmon, largely for export markets; and tourism, again with a considerable share of its market outside Canada. Though with considerable variations the pattern throughout the main industries therefore is one of dependence upon markets elsewhere. Since it is easier to ship coal from British Columbia to Japan than to Ontario, or lumber to California than to Quebec, it is the markets outside Canada that count for the most.

The province therefore is especially vulnerable to the ups and downs of the world economy. In order to minimize that vulnerability, but also to combat a chronically high un-

employment ratio, the provincial authorities would like to give greater depth of manufacture to their industries, adding as much value as possible to products before shipping them abroad.

The theme is a common one in Canada whose wealth is historically founded upon raw materials and lately upon the domestic energy supply as well. British Columbia, so the argument runs, has abundant wood, minerals, and energy, as well as a skilled industrial labour force. It lies on the Pacific trading routes: a careful look at the map will show that Vancouver is not far from the great circle routes between California or the Panama Canal and the markets in Japan and Korea. Moreover refined products tend to be less bulky to ship than raw materials.

Above all in the case of forest products has the argument for greater added value appealed to the authorities in Victoria, capital of the province. At present that industry by and large ships paper, newsprint, pulp, structural wood, and plywood. Why not go farther and turn the wood into a finished product, such as window frames? A certain amount of this is happening: wall covering panels made of British Columbia cedars have found a promising if so far small market in continental Europe. But the difficulties are great. The quantities involved are smaller than what the big forest product companies are accustomed to: building standards vary throughout the world; and tariffs in general are higher on finished or semi-finished products.

Highest

Local costs pose another problem. In the mid-1970s British Columbia probably had the highest wage level in North America. The decline of the Canadian dollar and the Canadian wage controls imposed in 1975 have probably changed that, but labour costs are high none the less, especially

ally compared with those of the largely non-unionised southern U.S. But wage controls are coming to an end and nobody can be quite sure what will happen next. British Columbian construction workers, with a long record of militancy and strikes, settled very quietly this year, accepting an increase well below the probable inflation rate. Among the employers and in Government that was taken as a good omen.

The construction industry is in a cyclical depression in the province so that the unions were under considerable pressure to put jobs ahead of wage increases. But there was more to it than that. The existence of a new labour code made it possible to bring all the unions to the same negotiating table, forestalling the leapfrogging that had been common practice before. That is seen as a sign that labour relations in the province may in future be less fraught with conflict than in the past.

Next year will be the testing time when a number of important collective contracts run out. The most important will be that of the woodworkers, who make the forest products industry. They will be making their claims in mid-1979 and given the healthy state of the

industry (and the bonus from the devaluation of the Canadian dollar), the union does have a fair case. But talking to union leaders one does get the impression that they are anxious not to overstep the mark.

The basic innovation brought in by the labour code was an administrative board to hold the ring in industrial disputes. In Canada, unlike Britain, collective bargaining agreements are justiciable and the danger always was that attitudes would harden once injunctions had begun to fly. The board which has been set up can operate more discreetly and try to arrive at peaceful solutions behind the scenes, though it is not an arbitrator. The final sanction of court action remains and British Columbia, like most of the rest of North America also has the possibility of ordering strikers back to work by legislation passed ad hoc.

Ironically the labour code, though eventually passed with all-party support in the provincial legislature, was introduced by the New Democratic Party Government which ruled the province from 1972 to 1975 and was held in widespread contempt in the business world as pro-union and, indeed, socialist. Ironically, too, it was the NDP

which in 1975 passed legislation to end a wave of strikes which had engulfed 85,000 people in the private sector.

Confidence

At the end of that year a Social Credit Government of a fundamentally pro-business or anti-interventionist complexion came in and has been making much play of the need to restore conditions in which investors would, once again display confidence in the province. A chief instrument to that purpose has been budgetary policy applying traditional standards of good housekeeping. Both budgets completed under Social Credit ended in surpluses, after initial increases the tax burden has been reduced, and the prospect of further cuts is held out.

The Finance Minister, Mr. Even Wolfe, has set himself the goal of reducing the size of the provincial budget expressed as a share of Gross Provincial Product. When he took over that share was 17 per cent. At present he is down to 15 per cent. The target is to get to 12 per cent where it was under a Social Credit Administration in the 1960s.

Mr. Wolfe knows that doing so will require a succession of years of good growth since the

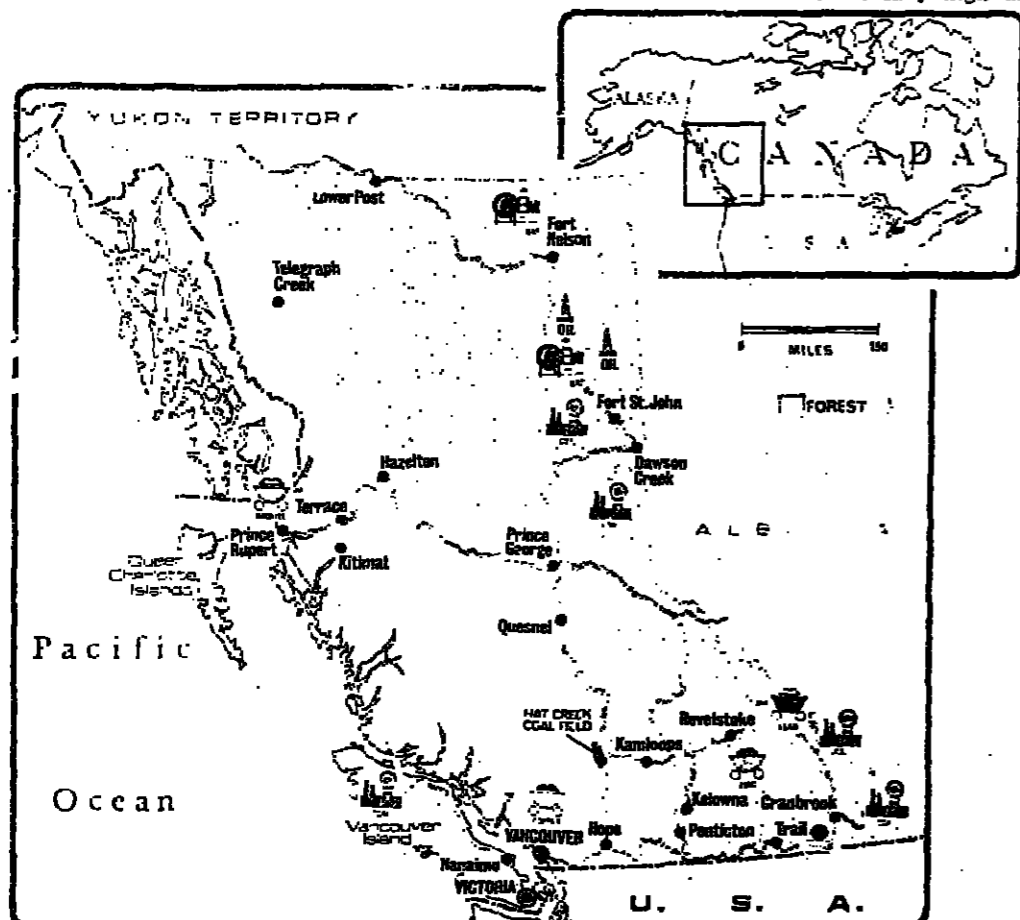
welfare system is as highly developed in British Columbia as in most other Canadian provinces. But his underlying intention of transferring resources and responsibilities from the public to the private sector is one that has become fashionable in Canada: even the Liberal federal Government in Ottawa is using similar terms.

As an experiment in good housekeeping, two government departments in Victoria are adopting the principle of "zero budgeting," which has gained some support in business. What it means is that instead of continuing your programmes from year to year essentially by adding to (or deducting from) the previous year's allocations, each programme has to be justified annually as though starting from zero. Given that most expenditure is governed by legislation, the scope for economies is, of course, limited.

There are obvious pitfalls in trying to run government like a business, and the Government's opponents will not be slow to point them out. But the pitfalls may be even greater in running government in an unbusinesslike way. There is some reason to suppose that that realisation has come home not only to the Government.

W. L. Luetkens

BASIC STATISTICS	
Area	366,000 sq miles
Population	2.5m
Gross Provincial Product	CS\$4.7bn
Labour force (1977)	1.2m
Unemployment	7.2 per cent
Personal income per capita 1976 (est.)	CS\$7,091
Value of mineral production (1977, prelim.)	CS\$1.8bn
Sales value of forest products (1976)	CS\$4.1bn



Laurentide Financial Corporation Ltd.

SIX MONTH REPORT

Consolidated after-tax earnings in the six month period ended June 30, 1978 were Can. \$3,093,000 compared with Can. \$3,347,000 in the same period last year. Earnings per common share amounted to 63 cents compared with 68 cents last year.

Laurentide Financial Corporation Ltd. with Head Office in Vancouver, British Columbia, Canada, is a major Canadian financial corporation providing diversified financial, leasing and specialty insurance programmes to Canadian consumers and businesses through 200 offices across Canada.

Laurentide is an active participant in the Canadian money market. Its shares are listed on major Canadian stock exchanges and its Euro-Canadian Notes are listed on the Luxembourg exchange.

OPERATING SUMMARY SIX MONTHS ENDED JUNE 30

	1978	1977
Finance receivables	Can. \$ 498,719,000	504,973,000
Gross income	40,513,000	41,336,000
Cost of borrowing	16,356,000	15,450,000
Net earnings	3,093,000	3,347,000
Earnings per common share	63 cents	68 cents

Tapping the energy boom

THE MAN from the ministry had a brand new kind of economic indicator. Up in the area of Fort St. John in north-eastern British Columbia businessmen were so busy making money that they had stopped holding Chamber of Commerce meetings. The significance of that particular indicator may be debated, but it is quite true that the gas boom in Alberta has spilled across the provincial border into north-east British Columbia, and the drilling crews are hard at work.

Gas is the most immediately profitable source of native energy in British Columbia: export licences have been granted for the sale of up to 281bn cu ft a year to U.S. markets until 1980, at a price at the border of \$2.16 per 1,000 cu ft. Once the gas runs out — and at present it is expected to last for 20-30 years at least — there will be coal reserves to fall upon. hydroelectric potential far in excess of what the province needs in the medium term future and a more exotic potential in the form of geothermal power. The oil industry, on the other hand, looks less healthy. At the moment it provides about a quarter of what British Columbia needs, and that proportion is expected to decline rapidly.

Oil apart, these are long-term assets for British Columbia although so far it is not entirely clear how the provincial Government intends to use them. An energy policy is only just in process of being put together. The scope for it is limited: although natural resources are a provincial responsibility in Canada, foreign trade is not, which means that decisions affecting exports to, say, the U.S. or Japan, have to be made in concert with the federal Government. Moreover, the uncertainties surrounding the future of U.S. energy policy are bound to reflect upon British Columbia.

Its neighbour in the east, Alberta has decided to use its oil and gas supplies as a base for attracting secondary industry, and in particular for the creation of a world scale petroleum chemistry complex. A similar idea has been examined in British Columbia, but does not appear to look economic for the moment. Tariffs, especially in the U.S. are one reason: the existence of two such petroleum chemistry complexes in Canada, one in Alberta, the other in Ontario, are another.

That does not exclude an attempt to attract secondary industry in British Columbia by holding out the prospect of

assured energy supplies. An effort in that direction was made some time ago by trying to encourage Japanese interests to set up a steelworks on the base of British Columbia metallurgical coal. The world steel crisis caused the idea to be shelved.

Exporter

The episode tends to support the impression that British Columbia will remain a willing exporter of energy for the foreseeable future. What then are the milestones ahead that can be detected?

● GAS. The known saleable reserves are of 6.7 trillion (million million) cu ft, to which 7.7 trillion cu ft gross will have been added by the end of the century on a conservative estimate. Potential reserves are a good deal higher: geologists have estimated that they amount all told to 30-40 trillion cu ft, though there is no guarantee that they are there, can be found or will prove extractable.

At the present favourable moment, with a tax regime that has satisfied the industry, exploration is going full tilt and producing discoveries at an annual rate of 490 cu ft. As a result a net 130bn cu ft were added to British Columbia reserves in 1977.

It is a result of North American geography that the main market for gas surplus to British Columbia requirements should be in the U.S. At present there is not even an adequate pipeline facility for moving gas eastwards from the province. Nor is there much call for one, since Alberta, to the east of British Columbia and the main supplier of markets in eastern Canada, has a surplus of its own.

Under these circumstances a pipeline to carry natural gas from British Columbia to Ontario does not look like a practical proposition. That is the good fortune of the province, since, as things stand, exports are more profitable than domestic sales and the logic of geography deprives the federal authorities of one possible argument for holding down exports in the interests of the Canadian supply of energy overall.

means of going about it are unclear. Given the present temporary surplus of gas supplies deregulation should depress the domestic price, but long range implications may be different.

In addition Ottawa is anxious to supply the fuel needs of the provinces east of Ontario by extending the pipeline from Alberta. That would greatly diminish Alberta's surpluses and could eventually suck in gas from British Columbia. The Governments of both provinces can be expected to fight for a good price if their exportable surpluses are thus reduced.

● COAL. Unlike British Columbia gas, coal from the province already travels the more than 3,000 miles across the continent to Ontario, perhaps because railways to carry it have existed for a long time. But the decision of Ontario Hydro to take limited shipments of coal from Alberta, with a certain amount from British Columbia added on, is fairly recent. A loading terminal was commissioned this year at Thunder Bay, at the western end of Lake Superior, which is capable of handling up to 3m tons of coal annually as it arrives across the prairies by unit train. That capacity can be doubled at short notice.

The coal after crossing half a continent, will cost Ontario Hydro more than the U.S. coal that it burns in its thermal power stations. But long-range planning seems to have turned the balance: if North America really runs into an energy shortage in the 1980s, domestic mines may be a more secure source of supply than those in the U.S. Besides, coal mining in western Canada is not labour intensive and there thus is a possibility that the cost advantage of the U.S. mines may in time be reduced.

Backbone

It is not, however, thermal coal but metallurgical coal, which forms the backbone of the British Columbia steel mining industry. The province's thermal coal, used as fuel, is something of a byproduct of the more expensive coal used to smelt steel.

Last year British Columbia mines sold almost 10m tons of metallurgical coal, worth \$334m, mainly to the Japanese. When the contracts were renegotiated recently the Japanese did not insist upon reduced tonnage and conceded a price increase of 4.1 per cent in spite of the poor shape the steel industry is in almost every country. Nevertheless, it is also export power in the U.S. on a large scale. Instead of the

casts circulating in the industry to the effect that by 1982 British Columbia may be shipping up to 18m-19m tons of roasting coal, the main incremental quantities going to Japan and in other destinations around the Pacific.

The outlook, however, is adjudged sufficiently promising for there to be a strong prospect that a new coal mine will be opened in four or five years at Campbell River: the necessary applications have been lodged.

The provincial coal reserves are estimated in hundreds of billions of tons: precisely how large they are seems to be pretty well unknown, and in any case much will not be economically worth exploiting under foreseeable circumstances. The coal is mainly, but not exclusively, found underground, but it is capable of being worked by labour-saving methods. Kaiser Resources, the biggest company involved, has adapted a method of hydraulic mining practised in Japan and the Soviet Union.

Hydraulic mining is possible because the coal deposits worked by it are very thick. Access to them is not by digging a vertical shaft down into the earth, but by drilling on an upward slant into a mountain side. The coal is then cut loose by a high-speed water jet directed at the face and is floated out into the open. Productivity of about 30 tons a man-shift has been achieved.

● ELECTRIC POWER. A very low-grade surface deposit of thermal coal at Hat Creek in the south of British Columbia has been proposed as the site of British Columbia's first important coal-fired power station. For a start four units of 300 megawatts each are under consideration, an amount that could be doubled.

To appreciate what that means it is useful to know that at present the provincial utility company, B.C. Hydro, has 5,800 MW of installed hydroelectric capacity, plus 920 MW in a gas-fired plant for peak demand in the Vancouver area, and another 900 MW in diesel plants supplying outlying islands and areas not on the grid.

Hat Creek promises to cause a first class row. A report on the environmental damage (mainly digging a huge hole which will not be filled in and cannot be turned into a lake because the soil is unsuitable) was leaked recently. At the same time Mr. Robert Bonner, chairman of B.C. Hydro, began to argue that the company should be allowed to export power to the U.S. on a large scale. Instead of the

present arrangements involving helping each other out when in need.

With that proposal Mr. Bonner touched upon a raw nerve. Since the first world war Canada has been debating whether it is wise or foolish to sell power to the U.S. The question has become an emotional one, rather than one of economic reason, such as whether exports would help the balance of payments, or whether they would involve also exporting job opportunities. Curiously there seems to be much less reluctance to export natural gas. In any event, the provincial Government was careful not to take up a position backing Mr. Bonner, though it did not disown him either. The argument whether Hat Creek is necessary and desirable remains unresolved.

Triple

Hat Creek apart, the province has some 18,000 MW of hydro power still capable of development, which would just about triple the amount of power available. Given a forecast that demand will double in 10 years, that is not too bad a position. Nevertheless, B.C. Hydro is exploring the potential of a possible geothermal site in Meager Valley which could be producing something like 1,000 MW around 1990.

● OIL. The province at present produces some 40,000 barrels a day, compared with consumption of 172,000 b/d. By 1995 consumption is expected to have risen to 250,000 b/d, while production will have tailed off to 8,000 b/d. Recent finds of some new oil have not been big enough to suggest that the pattern will significantly change.

The prime concern of the British Columbia Government, therefore, is to stake a claim to oil from Alberta, where production is expected to begin falling off in the 1980s (though recent discoveries and the potential of the oil sands may change the pattern). British Columbia's argument is that the small market which its province represents could live a very long time on Alberta's exports, while the industrialised areas of eastern Canada would quickly drain the resource.

So in this case the argument is turned round. There is little interest in British Columbia in supplying gas to the east of Canada, but there is great interest in having Canadian oil. In addition there is a possible future for British Columbia oil in Ontario. No wonder federalism can be turbulent in its ways.

W.L.L.

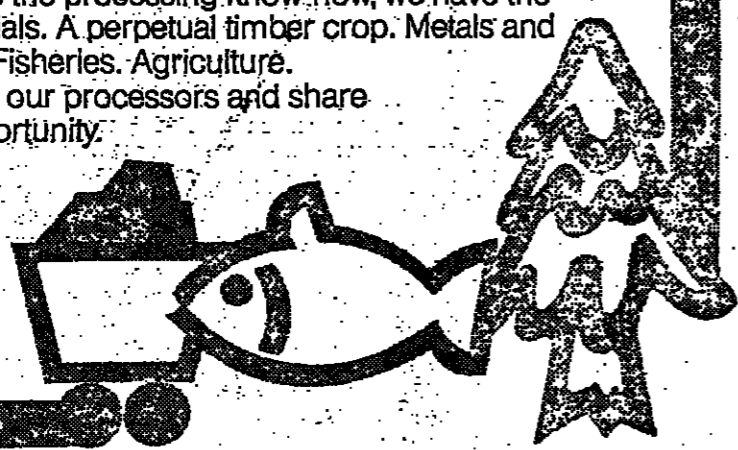
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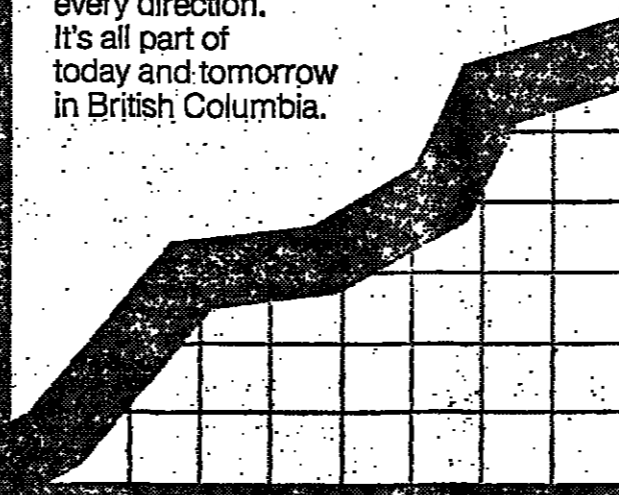
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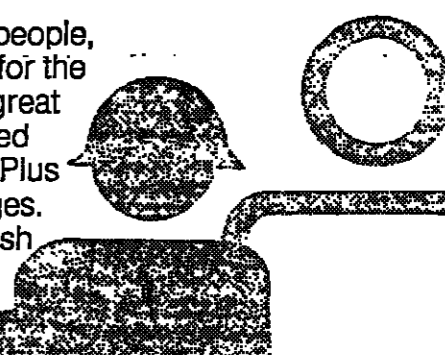
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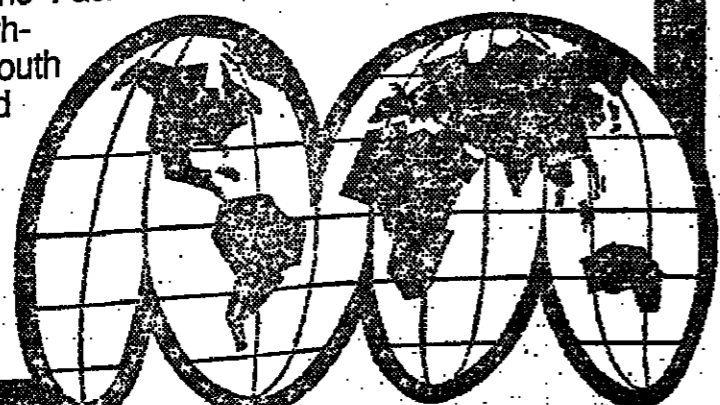
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Province of
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Ministry of
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Honourable Don Phillips, Minister

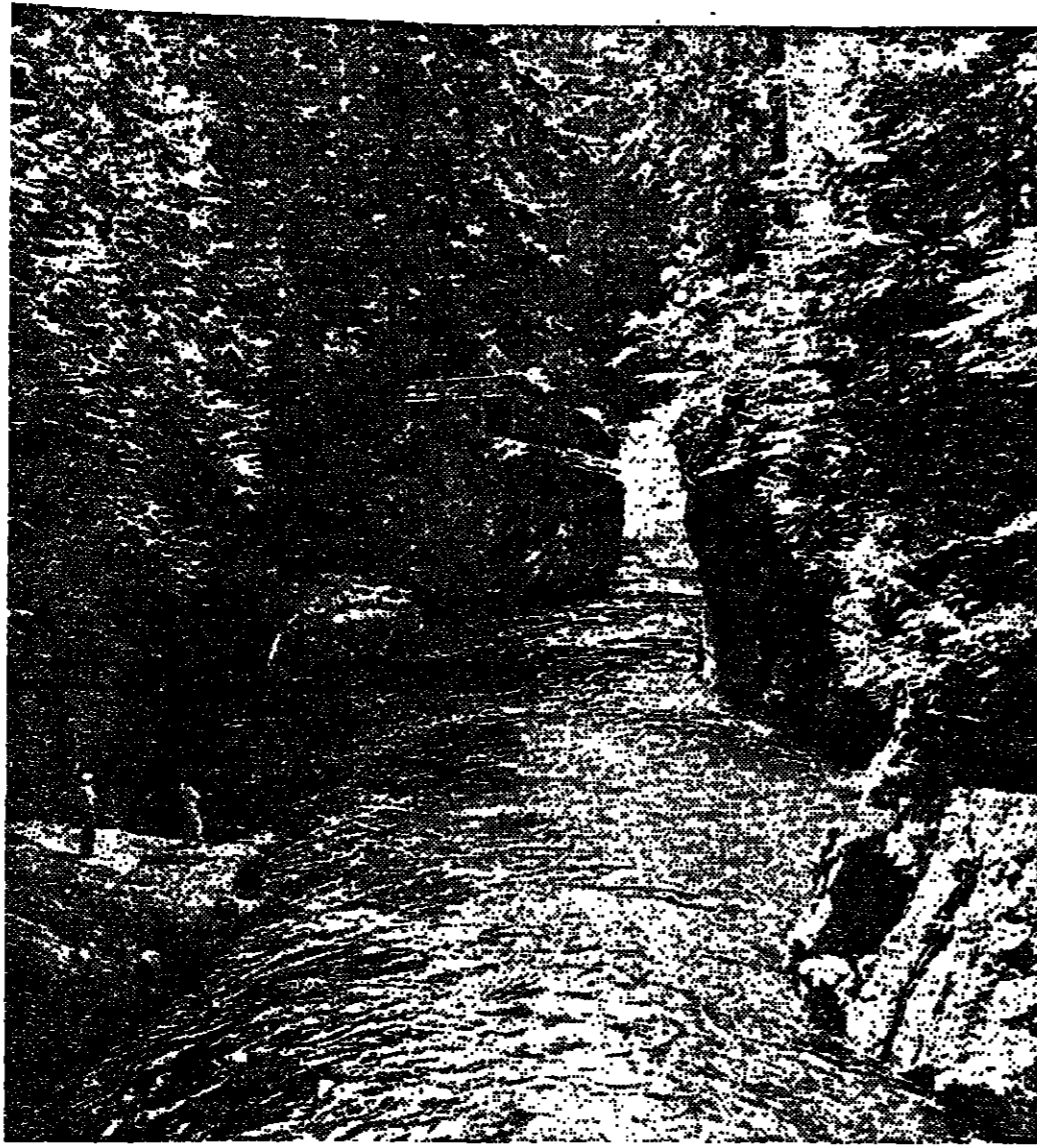


Opportunities for tourism

BRITISH COLUMBIA is making an effort to increase its income from the tourist trade, its third largest industry, accounting for about 5 per cent of Gross Provincial Product. The moment is well chosen: the shock of the energy crisis has worn off; the Canadian dollar is down, making Canada something of a bargain for tourists from hard currency countries such as Japan and West Germany; and air fares have begun to come down.

Not only is transatlantic flying coming within the financial means of an increasing number of people. In Canada itself, too, things have begun to move. The Canadian Government, perhaps overawed by the size of the tourist deficit in its international payments, has given up its resistance to the introduction of charter flights within Canada. How important that can be becomes apparent from two figures: flying time between London and Montreal is seven hours, that between Montreal and Vancouver in British Columbia is longer than four hours. In other words, distances within Canada are huge.

The impact of these bullish influences upon tourist trade in British Columbia has been apparent this year. Tourist spending until July was 15 per cent higher than in the comparable period of 1977, according to an estimate made by the Bank of British Columbia (in spite of its name a charter bank unconnected with the provincial authorities). If one assumes that the pattern will be maintained for the rest of the year, that points to tourist revenues for the whole of 1977 of C\$1.5bn and a good recovery after two lullish years.



Fishing on the banks of the Capilano Canyon in North Vancouver.

Objective

In 1977 the number of visitors and tourists came to 10.6m, of whom some 2m came from the U.S. and another 265,000 from outside North America, about 50,000 British travellers being the largest contingent. Bringing in more is the objective of a fairly active public relations campaign which the provincial Government has undertaken. "British Columbia as a smile for you," the posters proclaim: and it's "super, natural." One is grateful for the optimism instead of a hyphen, and accepts that natural beauty is a main asset of a largely untouched province of forests, mountains, and fishing waters.

The publicity campaign has also fallen back upon the history of British Columbia: the 200th anniversary this year of a visit to the Vancouver region by James Cook, the first European to discover the area, has been thoroughly celebrated. A 20th-century "Capt. Cook" in cocked hat and breeches has been touring North America in an early 20th-century steam train to publicize the attractions of British Columbia. To complete the chronological confusion he encountered a Yankee face with a familiar beard at a whistle stop in the Middle West: "President Lincoln, I presume."

As things stand British Columbia has spare capacity to accommodate the extra tourists who have been coming in. Hotels in Vancouver, the main

gateway into British Columbia, were only about 50 per cent booked in August, at the height of the tourist season (but admittedly not the best time for business travel, which is said to account for about 10 per cent of the business done with visitors to British Columbia).

Conventions are an important element in North American travelling patterns. Vancouver does have a good share in it, and Mrs. Grace McCarthy, the provincial minister responsible for tourism, has proposed the construction of a C\$20m-C\$25m convention and trade centre in Vancouver in hopes of doing even better.

The idea is to let it project into Burrard Inlet like a gigantic pier, covered over by swooping panels of glass enclosing the convention and trade centres, an hotel and other facilities. Ships could moor along either side of the pier, spilling their passengers into the attractions awaiting them. The glass cover is an excellent idea, since not least of the attractions is Vancouver's splendid situation. Nobody would describe it as a town of particularly handsome architecture: most of it is typical North American urban landscape, surprisingly cluttered down town and surprisingly cluttered in the suburbs. The modern high rises with a few shining exceptions range from the merely unoriginal to the distinctly ugly. But all of this is disposed around a number of fjords with access to the sea, and whichever direction you look in you are almost certain

to see wooded hills beyond the waters, softening the modern metropolis.

The contrast with the wilderness within less than an hour's drive pinpoints a marketing problem for the tourist industry, not only in British Columbia but all over Canada. To the U.S. Canada can be sold as a country with a distinctly European flavour. Quebec actually talks French, although that seems to have been a bit too much for some Americans now that a government of separatist reputation has been installed in Quebec City.

The touch of Europe is less apparent to Europeans, nor does it interest them unless they have relatives in Canada. Many of course do, and have provided the main flow of tourists to Canada across the Atlantic. Visitors coming to stay with relatives tend not to be large spenders, although the same is true of the American who arrives with a camper loaded down with tinned foods and spends a few nights on a camping site.

To go beyond the market provided by Europeans visiting friends and relatives, Canada must and does make play of its wilderness and sport. Hunting licences can be obtained by visitors—though as a rule they must not shoot bears, even if they do come scavenging around the camping sites. In the emergency the authorities will stun the beast and fly it a long way away by helicopter.

The quickest growing overseas contingents are the rich

Germans and Japanese. As elsewhere the Japanese tend to go around in groups, and a number of Vancouver shops specialise in doing business with them. The existence of a Japanese colony helps with the language.

Germans, when they are not there to visit relatives, seem to be attracted mainly by the opportunity to see the space, the wilds and the wildlife of Canada. There are package tours from Germany, including the supply of a camper vehicle to travel throughout the province. And one hears that Germans are among the most eager practitioners of the not undangerous sport of helicopter skiing in the Rocky Mountains. Most operators apparently insist on testing your skills during two days on the slopes near the resort, and then, up you go by helicopter for several hours of downhill run across glaciers and through virgin snow.

The less energetic and skilful can get a view of the glaciers by driving there or by cruising along the Pacific coast, behind the shelter of the outlying islands, as far as Alaska and back. Weather permitting it must be a thrilling sight.

Thriving

What seems to be a thriving arts and crafts industry is largely dependent upon the tourist trade. Everywhere you go in the bigger towns you can see souvenirs and costume jewellery made of British Columbia jade, some of it well above the standards of the usual kiosk kitsch. You can also find a lot of goods made by the British Columbia Indians which look much better than the shoddy goods that usually come from the reservations in the East. The moccasins look nice, and the sweaters knitted of water-resistant wool look warm, if pricey. But what is one to make of the linguistic identity problems of the Indian Craft Shoppe in Victoria, which thinks itself the most English town in America (and maybe in the world)? The visitor from England is less likely to be impressed by that aspect of the provincial capital—but he can, if he must, admire Anne Hathaway's cottage in replica.

Close to Victoria he can find something much less phoney, but no less English—about 50 acres of gardens begun at the beginning of the century by the Butchart family. It is a colour photographer's mecca, given the bland maritime climate which, in mid-September, allowed delphiniums to be resplendently blue among a riot of dahlias.

Memories of England came even closer for the visitor when in a Victoria hotel the waitress told him firmly at 4.30 p.m.: "Teas are finished—we close at 5." But the restaurant down the road said closing time was 9 p.m.—and cheerfully took an order after that magic hour.

On the whole North Americans serve the tourist with a smile provided he knows their ways. But do be prepared to carry your bags to your room and to clean your own shoes or to pay \$1 or more for getting it done.

James Rusk

W.L.L.

Mining CONTINUED FROM PREVIOUS PAGE

province. Patrick J. Mars, vice-president of the brokerage house of Alfred Bunting and Co. Ltd. and one of the senior metals analysts in Canada, thinks that copper prices will improve by about 10 per cent over the next 12 months, assuming no import restrictions in the United States. The U.S. International Trade Commission has recently recommended that President Carter should impose import restrictions on copper coming into the United States and while this would not directly affect the B.C. industry as much as the mining industry in eastern Canada, as the B.C. industry's main copper market is Japan, it is a vital factor affecting prices. Production of copper over the next year, worldwide, is expected to be less than consumption and this is the most important factor in the improved outlook for prices. If the U.S. import controls are imposed, the U.S. producers will be able to increase output at the expense of the rest of the world, and freemarket prices will stay depressed.

The three other key metals for B.C. are zinc, lead and molybdenum. Mr. Mars thinks that price recovery has begun in zinc. "As long as producers continue to restrain their output, the recovery that recently began could continue." In contrast, he is less optimistic about the outlook for lead. Consumption

is likely to drop slightly as the use of lead in gasoline declines and the demand for lead for long-life batteries disappears, while a small increase in output is forecast. Lead prices may rise during the coming months but could weaken next summer. Molybdenum prices have soared over the last two years but Mr. Mars feels that supply and demand have come into better balance with the result that they will go up by only 8 to 10 per cent in the next year.

With somewhat improved prices this year and the assist from Afton's production, provincial metals output is expected to increase slightly from the just under \$750m estimated for last year.

However, prices have not yet reached the level—in the case of copper, the bellwether price is \$1 a lb—when new projects would be brought forward vigorously. Brian Carter, chief economist of the Bank of British Columbia, thinks that it will be another two or three years before another copper mine opens.

In the interim, exploration is continuing. Frederick Higgs, manager of the British Columbia and Yukon Chamber of Mines, said "there is no question the industry is returning to a higher level of exploration activity after being badly discouraged in the 1973-75 period." Even so,

exploration spending is still less than it was in 1972, although the industry is rapidly reaching the level of spending of six years ago. That, however, represents a significant drop in the actual volume of exploration work as costs have risen sharply in the last six years. Mr. Higgs said that the return to a high level of activity has mostly been by major companies as the smaller companies and individual explorers take longer to get their confidence back once they have lost it.

The brightest spots in the provincial minerals picture relate to energy. Uranium is being found in the province and the major questions with respect to uranium development in British Columbia relate to the success which environmentalists might encounter in their opposition to uranium development as they have already slowed down the building of one mine.

The problems of the world economy in the past four years with the resulting slowing in the demand for coal on the part of the steel industry have taken some of the edge off the extremely optimistic forecasts of a \$400m provincial coal industry. Even so, Dr. Keenil thinks the medium-term outlook is reasonably good for a coal production increase.

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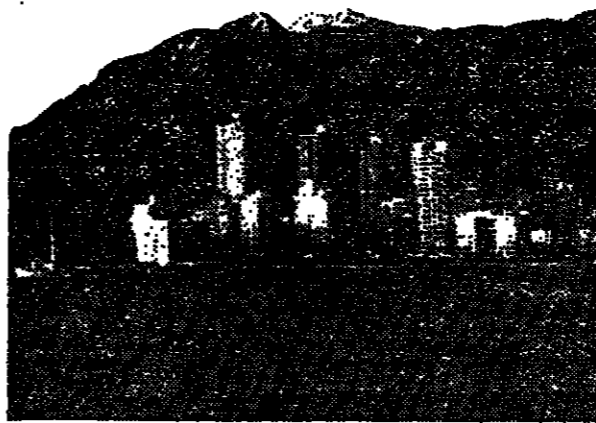
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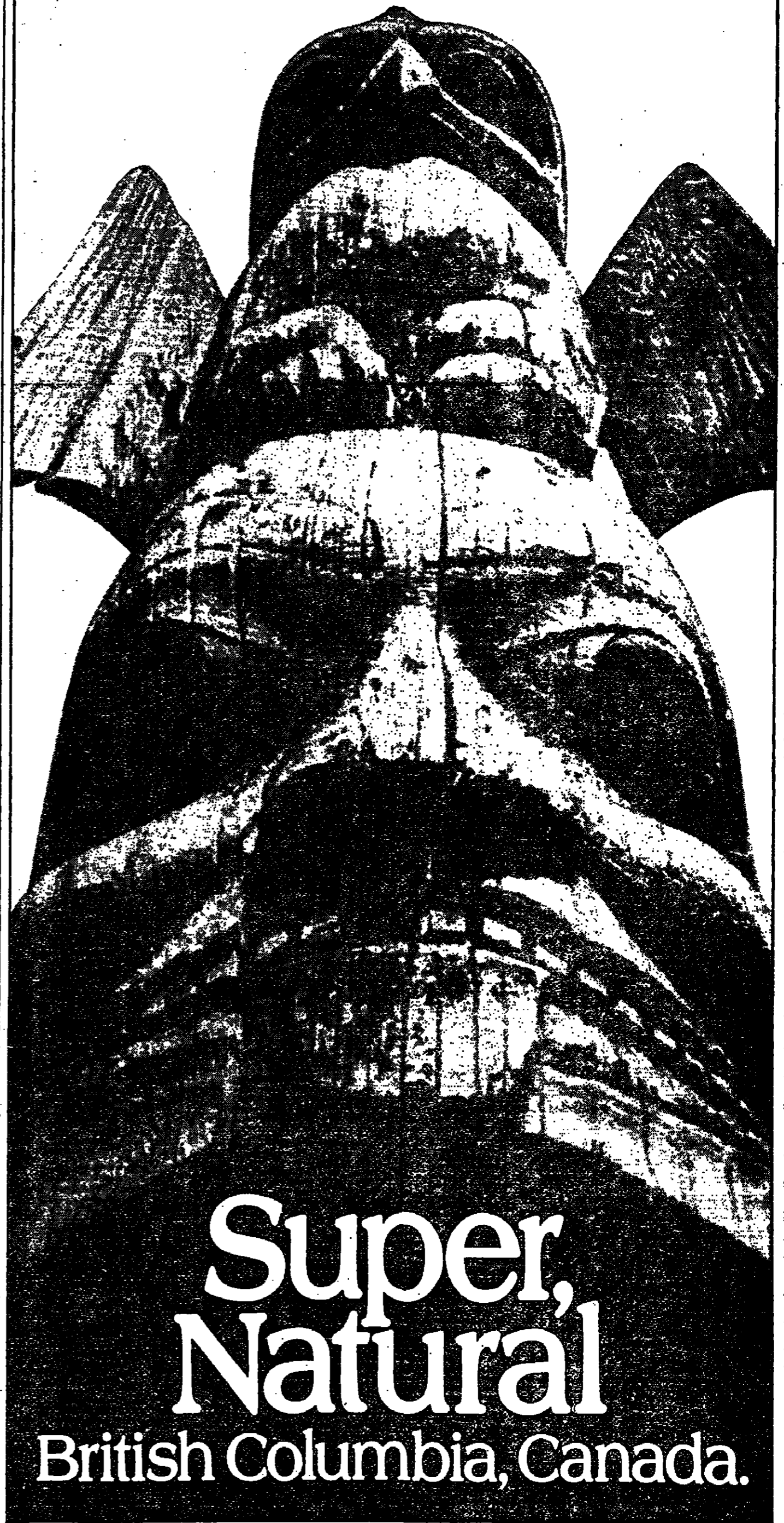
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OVERSEAS MARKETS

INTERNATIONAL BONDS

Straws in an ill wind

BY NICHOLAS COLCHESTER AND FRANCIS GHILES

TIDINGS of vague comfort to the dollar home market were conveyed back to Europe by bankers returning from the IMF and World Bank joint annual meeting in Washington. The dollar, however, was not yet deeply ditched. The U.S. trade balance appeared to be slowly on the mend. President Carter seemed to be acting with more confidence after Camp David.

These were some of the impressions. The dollar behaved consistently and had a firmer week in the currency markets. This firmness was underscored by the good prospects for imminent action by the Swiss central bank (confirmed in yesterday's announcement) caused the Swiss franc to drop sharply.

Insufficient for the dollar sector. Short-term interest rates in the U.S. continued to climb. The Federal Funds rate started the week at 11 1/2 per cent and it was expected to rise to 12 per cent by Friday night, that the Fed was happy to see them at 8 1/2 per cent. The only good news was that President Carter said on Thursday that interest rates would be high and it was not "fate" to see them go any further.

The dollar sector had a depressing week and traders said that Friday was one of the quietest sessions for a long time. Prices fell over the five days by between

4 and 3 of a point. But despite the corrections of the last fortnight, the yield on long dollar bonds was still only 9.5 per cent at the week's end compared with a six-month Eurodollar rate of 10 per cent.

While the attraction of holding dollars remains slim, the market is supported by the fact that the advantages of issuing there are equally slim. It is probably a mistake to borrow for the moment with a syndicated loan benefiting from the low spreads, and on the assumption that fixed rate refinancing will be feasible when interest rates are lower.

But the market is not dead. Warburg announced last week a \$300 million floating rate note for the Bank of Tokyo and the news in the market was that this was not going to be a success. Still, the bank is doing maturity and its slim interest rate margin over inter-bank rates.

The reasons for the lackluster performance of the first French

BONDTRADE INDEX

	September 29	September 28
Medium term	98.02	98.02
Long term	97.97	97.93

EUROBOND 7
(nominal value)
U.S. dollar
last week price

Euroclear	1,142.3
Model	426.7

France denominated bond in two and a half years, for EIB, was not difficult to understand. Two sets of factors led to the fall in the price of this bond in the secondary market (last Friday, the second day of trading, the price of the bond quoted at \$7.85, an improvement on the previous day's quotation).

One set of factors was fortuitous, but confirmed the opinion of some of the bankers who had argued that this sector of the market should have been reopened earlier in the year. In the period following the announcement of the EIB issue, the price of French government franc interest rates climbed. At the same time interest rates on six-month Eurofrancs moved up again last week from 91 per cent to 111 per cent. The pressure on the interest rates was well illustrated by the doubling, to 30 per cent, of the rates on two-year deposits.

<p>The second set of factors concern the issue itself. The EIB</p>			
<p>EX AND YIELD</p>		<p>1978</p>	
<p>Dec 22</p>	<p>High</p>	<p>Low</p>	<p></p>
<p>3.16</p>	<p>99.84 (19/8)</p>	<p>98.40 (25/9)</p>	<p></p>
<p>3.78</p>	<p>94.07 (13/8)</p>	<p>92.45 (29/9)</p>	<p></p>
<p>TURNOVER</p>		<p>Other bonds</p>	
<p>in \$m</p>	<p></p>	<p>last week</p>	<p>previous week</p>
<p>bonds</p>	<p></p>	<p>288.6</p>	<p>260.8</p>
<p>previous week</p>	<p></p>	<p>188.5</p>	<p>164.7</p>
<p>908.5</p>	<p></p>	<p></p>	<p></p>
<p>577.1</p>	<p></p>	<p></p>	<p></p>

is known to be a borrower which is not a right term. Was it therefore wise, bankers asked, to choose such a borrower to reopen the market? The same bankers added that it might have been wiser to test the market with a shorter-term paper, rather than a ten-year bond.

Another point may have influenced investors: the terms of an EIB DM-denominated bond were completed just over two weeks ago. The terms of EIB Yankee were completed last week. A third, French franc, bond on top of that was maybe more than investors could take.

It was a busy week. The market witnessed some lively trading last week, with turnover described by dealers as better than the week before. Prices were up by a quarter to three quarters on the demand for some of the new issues we were covering. The Juseo convertible was the great favourite and was quoted last

Friday at 101½-102½. Demand also seemed to be good for the ISCOR private placement, and the indicated price was given as 100½ by the lead manager on Friday night. It is due to be priced today.

Among new issues announced last week was a DM30m convertible for Maruetsu and a DM50m private placement for Estel. A further Japanese con-

vertible, for Marudai Food. It
 is exported through Deutsche Bank
 early this week.

The Indonesia DM bond was
 priced at 99½ last Friday and
 was quoted in first-time trading
 at 99½. Lead manager 3 98 1/2
 96 offer. This price confirms
 the relative lack of appeal of
 the borrower, which is new in
 this market. The final terms of
 the Venezuela bond are expected
 today.

* * *

A renaissance of Bontrade,
 the Brussels-based dollar bond
 trading house owned by a con-
 sortium of banks, appears to be
 under way. Bontrade is expected
 to move its trading operation to
 London (leaving the back-office
 in Brussels) and will be headed
 by Mr. Robert Smith, until
 recently the managing director
 of Kidder, Peabody Securities.

Bontrade has been feeling
 increasingly cut off in Brussels,
 both because a leased line to

London costs £1,500 a month, and Bondtrade needs 10-20 of them, and because it found difficulty attracting people of the right skills and calibre to Belgium. At the end of last year four of Bondtrade's shareholders—Kuhn Loeb, Bruxelles Lambert, Commerzbank and Rothschild—pulled out, in some cases because they wanted to trade dollar bonds themselves.

CURRENT INTERNATIONAL BOND ISSUES							Offering
Borrowers	Amount m.	Maturity	Ax. life Years	Coupon %	Price	Lead manager	yield %
U.S. DOLLARS							
††EIB	1200	1984	8	8 1/2	99.30	Kuhn, Loeb, Lehman Bros.	9.20
††EIB	725	1998	15.05	9 1/2	99	Kuhn, Loeb, Lehman Bros.	9.45
†Arab Malaysian Dev. Bk.	20	1983	5	7 1/2	100	ADIC	7.64
†Shwe Industri	20	1989	—	—	—	Morgan Grenfell	—
†Bank of Tokyo	30	1993	15	5 1/2	100	S. G. Warburg	5.50
††Canada	400	1983	5	—	—	Morgan Stanley	—
††Canada	350	1998	20	—	—	Morgan Stanley	—

D-MARKS							
**Toyo Rubber (g'teed Long Term Cr. Bk.)	30	1983	5	51	99	Commerzbank	5.62
Indonesia	100	1984	6	7	94	Dresdner Bank	7.11
Japan	80	1984	—	3	100	WestLB	3.5
*Nissan Diesel Motor	80	1986	6	3	100	Deutsche Bank	3.54
*ISCOR (g'teed S. Africa)	40	1984	6	8	100	Bay. Vereinsbank	8.20
*Kayaiba	30	1985	—	3	100	WestLB	
*Estel NV	50	1985	7	6	100	Deutsche Bank	6.25
*Maruetsu	30	1985	1	6	100	BHF-Bank	
	100	1980	—	3	100	WestLB	

SWISS FRACS						
Öberösterreichische Kraft	50	1993	n.a.	4	100	Crédit Suisse 3.933
Norges Kommunalbank (g'ted Norway)	100	1988	n.a.	4	100	Banque Gutzwiller, Kurz, Bungenier 3.955
Sandvik	85	1990	n.a.	4	100	Crédit Suisse 3.955

FRENCH FRANCS						
1978	200	1988	1	9 1/2	99 1/2	CCF

KUWAITI DINARS											
†Dev. Bk. of Philippines (g'teed Philippines) Electrobras (g'teed)	7-	1985/90 —	8½	99½							
							KIIC, ADIC, Merrill Lynch Int.			855	

Brazil	10	1985/90	—	8½	•	KHC	•
UNITS OF ACCOUNT							
Swedish Mun. Fin. Co.	15	1993	9½	7½	•	Kredietbank Lux.	•

* Not yet priced. † Final terms. ** Placement. † Floating rate note. ‡ Minimum. \$ Convertible.
†† Registered with U.S. Securities and Exchange Commission. ‡ Purchase fund.
Notes Yields are calculated on AIBD basis.

Indices

NEW YORK—DOW JONES

	Sep. 24	Sep. 25	Sep. 27	Sep. 28	Sep. 29	Sep. 30	High	Low	High	Low
Fordestrain-	\$65.82	\$61.51	\$60.19	\$68.16	\$62.85	\$62.44	\$67.34	142.12 (21/2)	106.170 (11/10)	41.22
E'ne B'side	88.84	86.92	88.95	89.34	89.98	88.05	90.85	86.78 (21/1)	106.170 (11/10)	41.22
Transport--	24.41	22.94	24.95	24.62	24.62	24.66	24.66	27.88 (11/1)	27.88 (11/1)	12.28
Utilities---	106.12	106.12	106.25	106.02	106.78	106.72	119.30 (11/1)	106.12 (11/1)	106.12 (11/1)	12.28
Toddling vol.	28.510	24.580	28.870	26.830	26.970	27.880	30.11 (11/1)	106.12 (11/1)	106.12 (11/1)	12.28

^a Basis of Index changed from August

STANDARD AND POORS

[illegible]**NEW YORK**[illegible]

W.Y.S.E. ALL COMMON					Rises and Falls				
					(Sept. 23, Sept. 26, Sept. 27)				
1976									
Sept. 23	Sept. 26	Sept. 27	Sept. 28	High	Low	Issues Under-	1,875	1,856	1,981
						Issues.....	927	694	500
						Paid.....	506	755	933
67.78	67.47	67.51	67.81	68.36 (11.5)	68.47 (5.0)	Unpaid.....	441	429	396
						New Highs.....	—	—	—
						New Lows.....	—	—	—
MONTREAL					1976				
	Sept. 30	Sept. 30	Sept. 31	Sept. 30		High	Low		
Industrial	218.97	219.16	—	219.59	218.87 (22/8)	192.30 (16/2)			
Combined	218.62	217.01	—	218.36	218.82 (22/8)	178.82 (20/8)			
TORONTO	Composite	1284.7	1277.5	1272.0	1270.5	1288.5 (13/8)	+98.2 (20/1)		
ONTARIO									
Good	256.7	256.7	255.4	256.7	272.0 (14/8)	184.0 (20/4)			
Industrial	254.5	254.5	255.4	255.4	271.0 (14/8)	174.4 (13/8)			

	Sept. 59	Pre-vious	1978 High	1978 Low		Sept. 59	Pre-vious	1978 High	1978 Low	
Australia (%)	960.71	959.52	959.79	441.10	Spain	60	96.29	96.20	110.16	97.28
Belgium (%)	90.59	90.51	101.16	90.45	Sweden	60	255.05	255.01	255.01	255.01
Denmark (%)	96.25	95.07	(140.1)	(6.2)	Switzerland	274.25	266.51	266.51	266.51	266.51
France (%)	82.6	81.7	23.5	47.5	Indices and base dates (all base dates 100 except NYSE All Company)					
Germany (%)	84.6	84.5	84.5	75.3	Standards and Poors - 1928 and Toronto					
Holland (%)	57.3	57.1	(59.9)	(17.9)	the index was based on 1971					
Hong Kong (%)	63.31	64.27	707.70	353.44	1 Stockholm					
Italy (%)	75.3	75.3	75.3	75.3	4 600 Industrials, ex Utilities, 40 Finance					
Japan (%)	433.74	432.63	432.63	432.63	100 Industrials, 100 All Ordinary					
Malaysia (%)	433.74	432.63	432.63	432.63	100 Industrials, 100 All Ordinary					
Netherlands (%)	433.74	432.63	432.63	432.63	100 Industrials, 100 All Ordinary					
Portugal (%)	433.74	432.63	432.63	432.63	100 Industrials, 100 All Ordinary					
Spain (%)	433.74	432.63	432.63	432.63	100 Industrials, 100 All Ordinary					
Sweden (%)	433.74	432.63	432.63	432.63	100 Industrials, 100 All Ordinary					
Switzerland (%)	433.74	432.63	432.63	432.63	100 Industrials, 100 All Ordinary					
United Kingdom (%)	433.74	432.63	432.63	432.63	100 Industrials, 100 All Ordinary					
United States (%)	433.74	432.63	432.63	432.63	100 Industrials, 100 All Ordinary					
West Germany (%)	433.74	432.63	432.63	432.63	100 Industrials, 100 All Ordinary					
Yugoslavia (%)	433.74	432.63	432.63	432.63	100 Industrials, 100 All Ordinary					

Low	70	Stock	Sept. 29	High	Low	Stock	Oct. 29
241	22 1/2	Johns Marine	21 1/2	58 1/2	28	Herman	62 1/2
242	26 1/2	Johnson Oil	25 1/2	29 1/2	28	Raymond Metals	35 1/2
243	24 1/2	Johnson Control	27	54	53 1/2	Raymond Int.	62 1/2
244	25 1/2	Johnson & Co.	24 1/2	20 1/2	20 1/2	Raymond Int.	62 1/2
245	23 1/2	J. M. Corp.	27 1/2	26	25 1/2	Rockwell Inter.	26 1/2
246	26 1/2	Kaiser-Alumina	26 1/2	67 1/2	67 1/2	Roberts & Ross	35 1/2
247	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
248	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
249	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
250	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
251	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
252	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
253	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
254	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
255	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
256	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
257	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
258	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
259	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
260	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
261	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
262	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
263	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
264	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
265	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
266	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
267	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
268	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
269	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
270	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
271	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
272	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
273	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
274	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
275	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
276	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
277	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
278	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
279	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
280	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
281	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
282	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
283	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
284	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
285	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
286	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
287	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
288	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
289	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
290	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
291	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
292	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
293	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
294	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
295	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
296	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
297	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
298	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
299	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
300	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
301	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
302	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
303	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
304	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
305	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
306	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
307	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
308	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
309	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
310	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
311	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
312	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
313	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
314	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
315	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
316	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
317	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
318	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
319	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
320	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
321	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
322	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
323	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
324	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
325	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
326	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
327	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
328	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
329	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
330	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
331	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
332	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
333	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
334	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
335	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
336	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
337	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
338	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
339	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
340	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
341	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
342	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
343	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
344	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
345	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
346	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
347	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
348	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
349	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
350	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
351	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
352	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
353	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
354	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
355	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
356	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
357	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
358	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
359	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
360	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
361	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
362	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
363	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
364	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
365	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
366	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
367	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
368	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
369	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
370	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
371	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
372	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
373	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
374	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
375	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
376	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
377	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
378	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
379	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
380	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
381	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
382	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
383	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
384	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	35 1/2
385	26 1/2	Kaiser Steel	26 1/2	24 1/2	24 1/2	Roberts & Ross	

Sept. 29	Price	+ or -	Div. %	Yld. %
87.5	+0.2	—	—	—
520	—	31.2	5.0	—
229.5	+0.5	29.12	6.1	—
191.6	+0.1	13.78	8.6	—
185.0	+0.5	18.78	8.6	—
246.4	+1.5	26.72	4.8	—
339.5	-0.5	18	5.7	—
166	—	—	—	2.7
83	+1	26.56	—	—
74.7	-0.8	—	—	—
348	+1	26.72	4.3	—
266.8	+1.4	17	5.3	—
173	—	—	—	—
500	+2	26.72	4.5	—
250.0	+1.3	22.12	6.5	—
180.0	+9	9.38	2.6	—
239.5	+0.5	18.78	6.5	—
118.0	+1.8	14.04	8.9	—
100.0	+0.2	16.75	10.0	—

1986	143.9	+0.6	18.78	6.6	4.0
1987	143.9	+0.6	18.78	6.6	4.0
1988	179.2	+1.0	9.36	2.6	2.0
1989	165.6	+1.5	14.94	4.4	4.4
1990	165.6	+1.5	14.94	4.4	4.4
1991	248.6	+2.6	18.75	6.5	5.7
1992	91.2	-0.5	18.78	6.1	5.1
1993	114	-2.5			
1994	288.5	+2.0	35	4.3	4.3
1995	1.000	+0.5	35	4.3	4.3
1996	100	+0.9	35	4.3	4.3
1997	217.8	-0.6	12	2.7	2.7
1998	376.3	-3.6	18.18	4.6	4.6
1999	650	-1.8	18	1.4	1.4
2000	179	+1.3			
2001	179	+0.6			
2002	187.0	-	25	6.7	6.7
2003	177.2	+1.5	28.12	6.1	6.1
2004	187.0	-0.1	28.12	6.1	6.1
2005	267	-	28.94	6.0	6.0
2006	119.2	-0.3	17.18	7.5	7.5
2007	292	+1	17.16	4.5	4.5
2008	190	-0.9	9.36	2.6	2.6
2009	190	-	19	3.1	3.1

[illegible]

JOHANNESBURG		
	MINES	
Sect. 25	Rand	+6
Amalg. American Corp'n.	8 1/2	
Charter Consolidated	12.50	+
East Driefontein	112.75	
Edenville	1.56	+
Glencrow	7.25	+
Klondike	26.70	+
Kloof	10.20	+
Langenberg Platinum	8.50	+
S. Helena	14.90	+
Southvaal	18.70	+
Gold Fields S.A.	25.10	
Consolidated Comp'n.	10.00	+
De Beers Deferred	7.75	+
Dutoitspan	6.10	+
Sect Rand Pty.	35.50	+
De Beers Consol.	8.50	+
President Brand	137.50	+
President Steyn	18.00	+
Solignum	6.10	+
Wentworth	10.00	+
West Driefontein	44.50	+

Western Holdings		73.25	+0.75
Western Deers		43.30	+0.30
INDUSTRIALS			
ABC	Industrial	10.30	+0.30
ABC	Industrial	10.30	+0.30
Barlow Rand		4.20	0.00
NA Investments		1.10	+0.10
Central Industrial		2.15	+0.15
Odgers Consolidated	Dev.	12.75	0.00
Gardner Stores		12.75	0.00
SA	SA	12.75	0.00
Federal Volksbanken		1.85	0.00
Guatemala Stores	(SA)	12.65	+0.65
Guatemala		1.25	0.00
LATA		2.15	+0.15
Lowrey		2.15	+0.15
Bank	Bankway	2.70	0.00
OK		7.40	0.00
Guatemala		6.40	0.00
Victoria Gomez		9.40	-0.40
Perkins Holdings		1.45	0.00
Perkins		1.45	0.00
Membrand Group		2.45	+0.45
Teeco		0.35	0.00
Peru Holdings		1.45	0.00
AAPI		2.40	+0.40

[illegible]

AUSTRALIA		
	Sept. 20	Aug. 31
1.00	ACMI 1/2 cent	10.77
1.12	Accu 1/2 cent	10.92
1.15	AMAT 1/2 cent	12.23
1.20	Amper Exploration	11.85
1.25	Amper Petroleum	11.85
1.30	Assoc. Minerals	11.70
1.35	Assoc. Pulp Paper S1	11.74
1.40	Assoc. Con. Industries	11.85
1.45	Assoc. Foundation Invest.	11.13
1.50	Avon	11.90
1.55	Aurifer	10.78
1.60	Aust. Oil & Gas	10.16
1.65	Bambur Creek Gold	10.26
1.70	Bank of Australia	10.26
1.75	Bountifully Copper	11.63
1.80	Bountiful Industries	12.10
1.85	Broken Hill Proprietors	16.70
1.90	Canberra United	11.73

29	USA	13.60
30	UK	13.60
31	Costa Rica	21.55
32	Costa Rica	21.55
33	Costa Rica	21.55
34	Costa Rica	21.55
35	Costa Rica	21.55
36	Costa Rica	21.55
37	Costa Rica	21.55
38	Costa Rica	21.55
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91	Costa Rica	21.55
92	Costa Rica	21.55
93	Costa Rica	21.55
94	Costa Rica	21.55
95	Costa Rica	21.55
96	Costa Rica	21.55
97	Costa Rica	21.55
98	Costa Rica	21.55
99	Costa Rica	21.55
100	Costa Rica	21.55

[illegible]

PARIS		Price	+ or -	Div. %
	Sept. 23			Fr.
+0.01	Banque d.	727.9	-1.9	4 1/2
	Algerie Usine d'e.	463	+1.8	81.75
+0.01	Algerie	463	+	81.75
-0.15	Aquitaine	551	+	23.25
	du	520	-8	14.25
	du	510	-8	14.25
+0.06	S.N. Gevres	555	-20	40.5
-0.02	Carrefour	2,080	+31	7.75
	du	2,080	+31	7.75
	L.T. Alencon	1,155	+	75.50
	de Banques	4,445	+0.5	12
	de Banques	4,445	+0.5	12
	Credit Union, Fr. et	169	-5	12
	Crouse Lora	885	-2.5	3
-0.06	de	143	-1	55.75
-0.06	St. Peolres	140.5	-2.5	14.10
-0.06	Gen. Desreunettes	275	-2	8.25
-0.06	Gen. Desreunettes	275	-2	8.25
	Jacques Bon	186	-1	5.4

[illegible]

		Sept. 29	Price Crus	+ or -	Div.	Yld. %
	Acciaia		0.96	+0.080	18.12	56
	Usacero do Brasil		5.00	+0.150	16.65	49
	Parafumo		1.49	+0.010	16.65	49
	Sempres		85			7.6
	Steyr Hammer		224			3.5
0.25	Steyr Daimler		231			4.4
0.91						10
BRAZIL						
0.22						
0.81						
0.26						
	Sept. 29		Price Crus	+ or -	Div.	Yld. %
	Acciaia		0.96	+0.080	18.12	56
	Usacero do Brasil		5.00	+0.150	16.65	49
	Parafumo		1.49	+0.010	16.65	49
	Sempres		85			7.6
	Steyr Hammer		224			3.5
	Steyr Daimler		231			4.4
0.25						10
BRAZIL						
0.22						
0.81						
0.26						
	Sept. 29		Price Crus	+ or -	Div.	Yld. %
	Acciaia		0.96	+0.080	18.12	56
	Usacero do Brasil		5.00	+0.150	16.65	49
	Parafumo		1.49	+0.010	16.65	49
	Sempres		85			7.6
	Steyr Hammer		224			3.5
	Steyr Daimler		231			4.4
0.25						10
BRAZIL						
0.22						
0.81						
0.26						
	Sept. 29		Price Crus	+ or -	Div.	Yld. %
	Acciaia		0.96	+0.080	18.12	56
	Usacero do Brasil		5.00	+0.150	16.65	49
	Parafumo		1.49	+0.010	16.65	49
	Sempres		85			7.6
	Steyr Hammer		224			3.5
	Steyr Daimler		231			4.4
0.25						10
BRAZIL						
0.22						
0.81						
0.26						
	Sept. 29		Price Crus	+ or -	Div.	Yld. %
	Acciaia		0.96	+0.080	18.12	56
	Usacero do Brasil		5.00	+0.150	16.65	49
	Parafumo		1.49	+0.010	16.65	49
	Sempres		85			7.6
	Steyr Hammer		224			3.5
	Steyr Daimler		231			4.4
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0.81						
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